The MAGAZINE of WALL STREET

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Opportunities Among Dividend Payers

Is The New Tariff Vital To Prosperity ?

Appraising the Future of Amusement Stocks

Vol. 44 No 3

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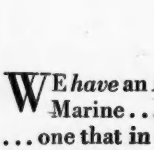

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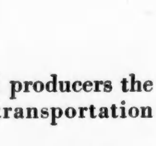

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WITH THE EDITORS

PRICES *and* EARNINGS

MANY time-tried theories of market behavior and investment practice have suffered severe revision if not utter abandonment during the past two years. In the rapidly ascending scale of values, none, however, have been subject to more drastic change than the conception of the proper relation of security prices to company earnings. The accepted rule of thumb measure which placed the fair market value of a stock at from ten to fifteen times the earning power per share, depending on the character of the enterprise has from force of circumstances passed into the limbo of comparative uselessness. Today market appraisal, to judge from present ratios, is far less circumscribed.

Within the same industry it is possible to find two stocks, one selling close to six times its current earnings and another in the neighborhood of fifty times. While this is admittedly not the general rule, it is common experience to note prices averaging thirty times earning power and well sustained at such levels. Obviously a new factor has entered into security appraisal—and not in the evaluation of a few, but almost universally.

Prices today are said to discount the future. They weigh not only current earning power but reflect anticipated earnings and dividends for a considerable period in the future.

In a word the high price-earnings ratio evidences a belief that the stock will grow up to the valuation assigned to it at present. Doubtless many stocks in this era of growth and prosperity, will do this very thing and amply repay the confidence reposed in them; but it is also reasonable to assume from past experience that many will also fall far short this accomplishment; and here is where another factor must be brought in, or at least again emphasized, in present day investing. It is the factor of discrimination—based on knowledge and thorough acquaintanceship. If a stock selling at twenty to thirty times earnings is bought, the purchase should more than ever be predicated on complete familiarity with the company and with its prospects. The trend of the industry and the position of the company therein; such considerations as the degree and character of competition; the probable course of prices, the margin of profit; inventory and sales policy and the ability of the management all take on new significance for the prudent investor.

If the relation of current prices to earning power is to be held in lessened value in security selection, then scrutiny of other features of a stock must be the closer, and investments must be made with the objective of the longer term holding and with the thought of carrying through minor market recessions until intrinsic merit justifies the higher levels sought.

Coming Features of Importance

In the Next Issue

What Is the Prospect for Business Money and Securities?

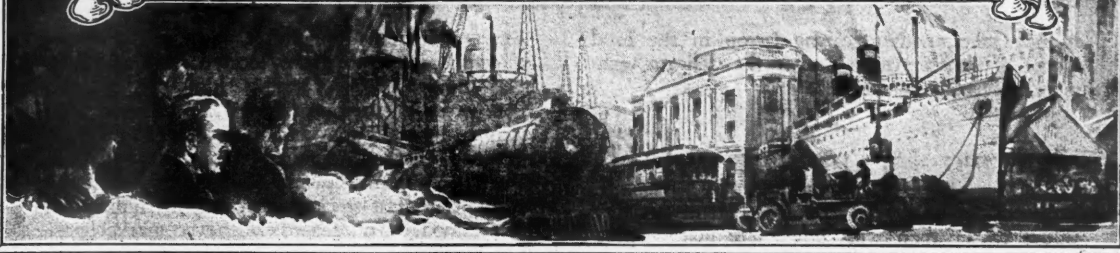
The close of the half year approaches with business active and the stock market disturbed by conflicting factors in the credit situation. What is the outlook for coming months? Will money ease with consequent lessened market tension? What is the prospective trend of prices? Can business maintain its current levels? Read the discussion and forecasts on these questions which are now besetting every business executive and investor.

Opportunities Among the Non-Dividend Payers in Major Industries

Many financially sound companies adopt the most conservative dividend policies in order that current earnings may be employed to improve production facilities or better the industrial position. The ultimate goal is, of course, generous dividends to be paid on the basis of large profits anticipated. Certain companies of this type offer unusual opportunities for profitable investment. A half dozen of the most attractive will be presented in the next issue.

WATCH FOR THE PUBLIC UTILITY ISSUE. JUNE 29th!

The MAGAZINE of WALL STREET



INVESTMENT & BUSINESS TREND

Endless Prosperity?—Investing Policy—
Bonds at Bottom—The Market Prospect

ENDLESS PROSPERITY?

IT is no news to a simple savage that production and consumption are twins. He knows very well that the more he produces the more he consumes. The modern man, creature of a complex social organization, has forgotten this axiom of economics. The twins have gotten out of touch because the producer no longer is his own customer; they don't synchronize because they are so far apart. The many and tortuous processes of exchange prevent the immediate translation of production into consumption. When the Sioux warrior made a bow he immediately "consumed" it himself. When a modern arms manufacturer makes a thousand rifles he can't consume them. He must find other consumers; and when he finds them he can't directly accept in exchange the cocoanuts or pianos they produce.

So, the economists have been telling us for a hundred years that the great economic problem is not production but distribution. Now comes the President's Committee on Recent Economic Changes and tells us, in effect, that the United States is finding out how to translate production into consumption, even in terms of mass production and complex exchange. The savage could consume all he could produce, and he produced all he consumed. The committee says that we are returning to that happy estate; with this difference, that through the division of labor and the introduction of mechanical power and machinery each of us produces thirty or forty times as much as the savage—and the limit not yet in sight.

This is the big thing in a remarkable document—that we are finding out how to produce all that we can consume, and to consume all that we can produce. With the savage, production and consumption were the equivalent of hand and mouth. What the hand produced the mouth consumed. Now, says the committee, complex civilization has found out how to make the mouth fully complement the hand. In other words, we have found out how to enjoy the wealth we can make. Overproduction becomes an imaginary thing, and with it goes underconsumption.

If the committee is right we need no longer dread static commerce as a consequence of static population. The expansion of business, the forward march of prosperity, do not depend so much on more consuming units as on larger units. More desires and wants are seen as the source of ever-expanding prosperity—and prosperity breeds desires and wants. Here is a sort of prosperity perpetual motion in an ascending and broadening spiral. And as if that were not good enough, the committee tells us that we help along the advent of the golden age as much by play as by work.

Of course, there is a smudge on this fair picture. The committee reminds us that though we have found out how to emulate the savage's economics and have measurably applied our discovery, the full realization of their simplicity is dependent on a tremendous instrument board of controlling levers, valves, wiring. We have a lot to learn, it says, about attaining in practice the control of balance between expanding production and consumption that was no trick at all for the savage. But the President's wise men believe we can do it. If we can, nothing but the restriction of production can check prosperity; whereas we had fallen into a way of thinking that nothing but a restriction of production can maintain prosperity. The prospect the committee unfolds is as alluring as it is amazing.

We are likely to know in the near future how far we have progressed in one phase of "the technique of balance" that is asserted to be within our power. The committee admits some concern about the balance of the present credit situation as between speculation and industry and trade. The raising of the rediscount rate of the Federal Reserve Banks is indicated. The aftermath will tell the story of success or failure in a great adventure in basic regulation of credit that began in 1927.

1907 *Business, Financial and Investment Counselors* *"Over Twenty-One Years of Service"* 1929

It may take another searing lesson in the hard school of experience to master the delicate technique of credit regulation.

INVESTING POLICY

PURCHASE of stocks for investment is primarily concerned with intrinsic values rather than with immediate market prospects or the technical position of the issues under consideration. The current behavior of a stock, its market sponsorship and the character of its present holders, however, become of increasing importance under certain conditions in determining the *time* to make the commitment. For example the present market has frequently been characterized as one offering unusual difficulties for investment; not only has it recently weakened but in its background lurks the specter of the high cost of credit with its potentiality to precipitate a corrective movement of more extensive proportions if money conditions do not ease. Under these circumstances the technical position of a stock takes on new significance in selecting the point of market entry.

The very breadth and scope of the modern market preclude the possibility of buying on general movements. Stocks as a whole are less given to mass trends than ever before; except, perhaps, in times of vigorous liquidation, and even then issues of companies strategically located from an industrial standpoint are found seeking higher levels. The present situation, therefore, calls for discriminating selection and closer than usual observance of the individual technical position of issues. A certain measure of liquidity is desirable at this time, but stocks of investment caliber may be retained or purchased whenever market position justifies.

BONDS AT THE BOTTOM

THE bond list is still under the influence of high money rates, but the net effect is one of restraint rather than of further depression. Having experienced the force of 6 to 20% money for fully five months there is little prospect that further decline will be witnessed. Thus while credit conditions at this writing hold little promise of a sharp or immediate upward turn in bond values, the bond buyer is in a favorable position to take advantage of what appears as rock bottom prices for numerous well regarded funded obligations in any of the leading groups of municipals, governments, rails or industrials. Not only are many bonds now attractive on a yield basis but with any substantial ease in interest rates, there is material opportunity for price appreciation.

The Market Prospect

CONFUSION surrounding Federal Reserve rediscount policies has lately taken precedence over all other considerations in the stock market. Whether by accident or design, the numerous conflicting versions of the Reserve Board's attitude toward rate increases have had the effect of precipitating a good deal of liquidation. It might be argued, perhaps, that the stock market has only itself to blame for the decline of the past two weeks. Unwarranted speculation had forced numerous stocks far beyond a reasonable relationship with earnings or dividend prospects. A readjustment was, therefore, inevitable, and, in some measure, has been in process since the late March break. The banking authorities, however, appear to have grown impatient with the slow liquidation of brokers' loans and the dilatory fashion in which the stock market was proceeding to correct price inflation. Notwithstanding disclaimers to regulate the stock market, their recent action would certainly appear to have had precisely such an effect. In any event, the numerous contradictions in published reports of the Reserve Board's attitude seem likely to result in much of the onus for stock market deflation being laid at the door of the latter, rather than to the recent unbalanced psychology of the market. One unfortunate effect of the "persuasion" method of encouraging release of credit from the stock market has been to upset sections of the list wherein no inflation may fairly be said to have existed. Stocks that were selling on a price basis amply justified by merit, have been carried downward sympathetically with liquidation in those whose prices long ago outdistanced value. The number of issues which fall within the former group is considerable. Doubtless this fact, of itself, accounts for the orderly nature of the market's decline in the face of the extreme stress lately placed upon a credit situation that, after all, has developed no essentially new angles. Experience with preceding reactions has taught investors the value of adhering to constructive positions in stocks chosen on a basis of sound analysis, since these, among which the better grade oils and rails may now be classed, are usually first to throw off restraints generated by periods of uncertainty. Some little time will be required to restore the stock market to a condition of stability, of course, since the distressing events of the past two weeks and, especially, the now highly unsettled credit situation have made unfavorable impressions upon the public mind which will not immediately be erased. The strong status of industry, even allowing for some recession in current activities, and the exceptionally strong position of representative corporations. preclude a period of prolonged liquidation. Hence though some further unsettlement may attend the efforts of the market to readjust itself, foresighted investors may welcome the present situation as one that has already resulted in restoring the price level of individual stocks to a sound basis and thus created opportunities for gradually utilizing unemployed buying power. Monday, May 27, 1929.

HOW THE NEW TARIFF WILL AFFECT BUSINESS

INDUSTRY AGRICULTURE INVESTMENT

By Theodore M. Knappen

"AN adequate tariff is the foundation of farm relief," said Herbert Hoover, accepting the Republican nomination for the Presidency.

The main purpose of tariff readjustment by the present extraordinary session of Congress was farm relief. The Hawley bill, now before Congress for that purpose, raises the average ad valorem duties on farm products about 5%. At the same time it increases the duties on manufactures by about the same percentage. The farmer gets a little more and pays a little more. "It would not appear," says the Washington representative of the American farm Bureau Federation, "that there has been any adjustment of rates in the bill as reported. It appears that the effort to get more protection on the part of both industry and agriculture has met with approximately the same treatment in the bill." In other words, nothing has been done to equalize the tariff as between agriculture and manufacturing industry. Rates on manufactured goods remain about 20 points higher than on agricultural products—about twice as much. The Hawley bill, as a farm relief measure, is regarded by the farmers' spokesman as a lemon with a few sweet sectors.

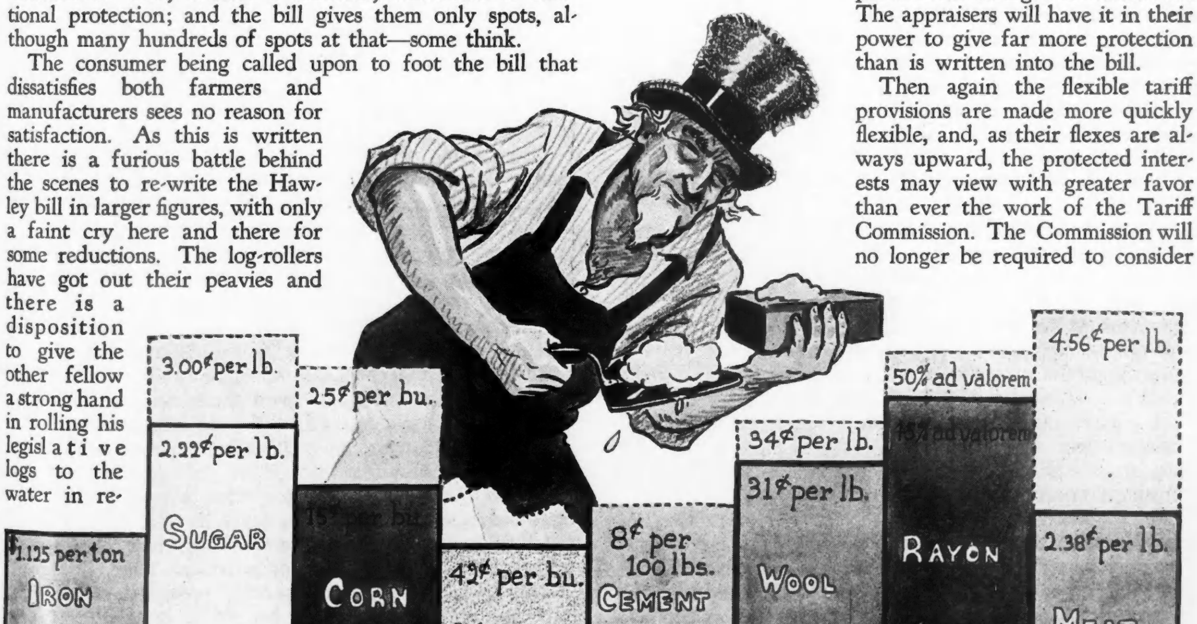
On the other hand, the manufacturing interests that expected to get stiff tariff increases all along the line are dissatisfied. They wanted a uniformly thick coat of additional protection; and the bill gives them only spots, although many hundreds of spots at that—some think.

The consumer being called upon to foot the bill that dissatisfies both farmers and manufacturers sees no reason for satisfaction. As this is written there is a furious battle behind the scenes to re-write the Hawley bill in larger figures, with only a faint cry here and there for some reductions. The log-rollers have got out their peavies and there is a disposition to give the other fellow a strong hand in rolling his legislative logs to the water in return for like brotherly help in the same service.

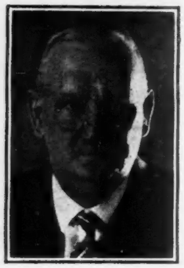
As its rates stand the Hawley bill gives no added protection to 90% of the farmers, on the basis of their present production. The increased duties on certain manufactured goods will be of no benefit whatever to manufacturing in general.

But there is a valuation provision that may mean a great deal more to domestic producers than rates. It is provided that the basis of assessment of duties shall be the foreign value or the export value, whichever is the higher; but if the appraisers cannot determine either to their satisfaction then the basis shall be the United States value, if that can be satisfactorily determined; if not, then the cost of production. Appeal from a decision of the appraisers can be made only to the Secretary of the Treasury. This change in the law is in effect a notice to appraisers to make the valuation of imported goods as high as possible and removes all likelihood of any revision downward of their appraisals, as there is no opportunity for judicial intervention. It may reasonably be expected that the number of cases in which the appraisers will find that they must resort to the United States values will soon become preponderant. If such should be the case the changes in rates in the new law will prove inconsequential compared with changes in valuations. The appraisers will have it in their power to give far more protection than is written into the bill.

Then again the flexible tariff provisions are made more quickly flexible, and, as their flexes are always upward, the protected interests may view with greater favor than ever the work of the Tariff Commission. The Commission will no longer be required to consider



"The Master Builder"



A Fair and Equitable Tariff Bill

By Willis C. Hawley

Chairman of the Ways and Means Committee
of the House of Representatives

NEVER in the history of tariff legislation has there been more continuous effort to produce a bill, fair and equitable to all, than in the case of the pending readjustment bill. The changes embodied in the bill are based on existing differences in competitive conditions. It is the fundamental principle of the bill that the protection of tariff laws should be extended equitably to all. We have avoided piece-meal legislation, we have avoided limiting readjustments to agriculture alone, we have examined into all the schedules of the tariff with the purpose, which we believe we have realized, of being fair to everyone and to every industry. Before adjusting a rate of duty the usual factors for determining whether protection was required, and if so to what extent, were applied. There are over 700 paragraphs in the existing law. We found it necessary to make changes in only 262 of these, many being very slight or only one rate was changed out of a large number in a paragraph, so that only between 15 and 20 per cent of the total items in the law have been changed. A change was considered justified when it could be shown that any industry was competing with foreign imports to its disadvantage. The tariff act of 1922 has fully justified its existence. It has restored confidence, rehabilitated industry, fostered agriculture, provided millions of wage earners with employment at higher wages than ever before paid in the history of the world, and brought unprecedented prosperity to our people. Many conditions of production and commerce have changed since 1922. The present bill merely seeks to bring the present act up to date with special reference to agricultural relief.

The American market is the greatest in the world — a market of some ninety billion dollars' worth annually. Our foreign trade is an essential factor in our economic life, but it is only ten per cent of our domestic trade. Our committee has endeavored to keep in mind that while our first duty is to the people of the United States due consideration should be given to our foreign neighbors. Heretofore our protective tariff policy has not operated to the disadvantage of foreign commerce, nor will it now.

relative costs of production at home and abroad when planning a tariff increase (it will never plan a decrease) but will only have to study competitive equalization in United States markets, which may be made a short and simple process—and undoubtedly will be. When it is considered that by this facilitated flexibility the Commission may recommend an increase of duties for Presidential action of as much as 50%, it will be further realized that not all of a tariff duty is in the rate named by Congress. In fact, the bill may be said to be notable for the degree to which actual customs duties are left to administration.

Few Changes in the Free List

These two Africans in the tariff woodpile may account for the fact that despite the enormous pressure exerted on the Ways and Means Committee for higher rates there has been so little protest from manufacturers in general against schedules lower than they expected. The substance and not the appearance is what concerns them.

As might be expected, the free list of the Hawley bill is not remarkable for additions. Among them are, notably, buchu leaves and "fish sounds, split or otherwise prepared," curling stones and licorice root. The farmers get a little help here in the direction of free Paris green for potato bug consumption, and some fertilizer materials.

On the other hand, it must be said in fairness that the transfers from the free list to the dutiable list are not many. But several of the transfers that are made arouse the wrath of the farmers, such as common brick and cement, certain species of lumber and wood shingles. By way of compensation the farmers get a duty on chestnuts and marron, "prepared in any manner," also chick-peas or garbanzos and cowpeas, lemon juice, lime juice and sour orange juice, "unfit for beverage purposes." Agricultural machinery and equipment still remains on the free list of course.

One of the chief complaints of the farmers is the extent to which vegetable oils have been left on the free list. They contend that in this schedule Congress had a great opportunity to give them such protection that the production of such oils could be greatly stimulated within the United States. However, the duty on linseed oil has been raised a third, that on soy-bean oil doubled and sesame oil was transferred from the free to the dutiable list.

Important Changes in Chemicals

Twenty-nine of the 93 paragraphs of the schedules devoted to chemicals, oils and paints have been revised and the rates raised on 33 commodities. In general it may be said of these changes that they are of benefit to the various branches of industrial chemistry and should encourage their growth. The market position of the securities of all strong companies engaged in these industries should be improved by passage of the Hawley bill. The collision between manufacturing and agriculture in the determination of the casein rate in the chemicals schedule resulted in the discomfiture of the latter and gives the farmers another sore tariff spot. Casein is used in the manufacture of coated paper and the farmers want this whole market as an outlet for their skim milk.

The most impressive upward changes in the bill are to be found in what is called the agricultural schedule. Here the farmers get some increase wherever they asked for it; with a few exceptions, notably potatoes. Many of the increases being on products that are imported rather than exported will be of distinct benefit to certain groups of farmers. The increase of the wheat duty to 42 cents, the rate now established by the Tariff Commission, making it subject to a further increase to 63 cents if the Commission should so advise, will be of little importance so long as the United States has a great wheat surplus, but will be helpful

An Inopportune Measure

By Cordell Hull

of Tennessee, Democratic Member of the Ways and Means Committee of the House of Representatives

THE Republican proposal to move further in the direction of extreme high tariffs should be met by a Democratic challenge and demand to revise the tariff downward—toward a liberal and constructive tariff and commercial policy with uniformity of treatment, in the light of the transformation and revolution in our industrial, financial and commercial affairs since 1914. A correct interpretation of these new and changed conditions demands foreign markets rather than excessive tariff protection From the economic point of view the United States should have two main objectives, viz., the home trade and continuous development of foreign markets. The future prosperity of the country is inseparably bound up with both. True policy would insist that in solving our present vast industrial and trade problems, we must visualize the nation as a whole—as one great financial unit, one giant productive plant, with ever-increasing surpluses, and as the chief factor in the present interdependent and interlocked financial, commercial and economic whole of the world. American economic policy can no longer ignore the fact that since 1914 we have changed from a debtor and small-surplus nation to the greatest creditor and actual or potential surplus-producing nation in the world. Our productive capacity is today 25% in excess of our ability to consume. High tariffs cannot save us from growing surpluses. What we need is not tariff tinkering, as in the Hawley bill, but tariff reconstruction based on a broad understanding of our present economic position in the world. That is the sort of protection our interests need—not the petty and often delusive protection of higher tariff duties.

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to wheat farmers in short-crop years. The increase of the flaxseed rate from 40 to 46 cents will be reflected in the price. Corn goes up from 15 to 25 cents a bushel but this increase cannot have much benefit, in view of the size of the domestic corn crop. Butter is established at the Tariff Commission fixed rate of 12 cents and may now be raised through action of that body and the President to 18 cents a pound. Dairy products poultry and meat are all raised as are many fruits and vegetables. In general, though, the farmers think the increases too small; and they are chagrined at the fai[illegible] of the bill to provide for any increase of duty on live cattle. Which is one disappointment Canada and Mexico did not find in the Hawley bill.

International Effects

The foreign countries chiefly affected by the changes in the agricultural schedule are Canada, Mexico, Argentina, Cuba and the Bahamas. The Canadians will suffer most from the duties on meats and dairy products, Argentine from the duty on corn, Cuba, Mexico and the Bahamas from the duties on vegetables. To the extent that these countries avail themselves of the American market their producers will suffer some losses and the groups of American farmers with whom they compete some benefits. Consumers in regions that draw on the countries named will probably endure some increase of living costs. Some of the agricultural duties are meaningless and will long continue so, for the reason that the United States is a net exporter of them, but they help the pleasing sound of the tariff bill. The dairy products and meat duties will be a hard blow for Ontario and Quebec and a boon to American producers tributary to the great northeastern cities, from Detroit east. Eating will be a little costlier in those cities.

Drastic Effects on Sugar Industry

Neither tobacco nor its manufactures are subjected to changes in duties—to the further disgust of the farmers.

But the sugar schedule presents a more controversal farm relief proposal than any paragraph of the agricultural schedule proper or any other part of the tariff bill. It is also the schedule of most popular interest and the one that will most adversely affect any single foreign country. The essential part of the change is that it raises the effective duty on raw sugar from Cuba from 1.76 to 2.4 cents per pound. The respective rates named in the bill itself are 2.2 and 3 cents, but Cuba enjoys a treaty preferential of 20%; and practically all of our dutiable imports of sugar come from that island. The domestic sugar producers would have had the duty higher, but they are chiefly incensed because the committee placed no restrictions on importations from the Philippines. They consider that it is only a matter of time until the Philippines will replace Cuba in the American sugar market to whatever extent the proposed tariff may give domestic producers an opportunity to crowd out the Cubans.

At first the increased sugar tariff will come out of American consumers, but as domestic and especially Philippine production increases under its stimulation, the burden will be deflected more and more to the Cuban producer (who depends almost entirely on the American market), eventually probably working his ruin and throwing the island into economic and political chaos. The chaos will extend to American investors, whose companies dominate the production of sugar in Cuba. It has been calculated that the consumers' food tax burden will be $240,000,000 a year at the beginning of the new sugar rates. About 300,000 domestic can and beet sugar farmers will get a small share of the $240,000,000, and they and the rest of the rural population will have to put up $80,000,000 of the $240,000,000, being one-third of the consumers. It is not considered that there is any possibility whatever of domestic producers, including Porto Rico in that category, ever raising the sugar requirements of the United States. On the other hand, the increased duty will contribute greatly to the prosperity of the Philippines, will tend to lessen the agitation for early independence and reveals world-power statesmanship. Incidentally, the de-

(*Please turn to page 258*)

WILL THE WORLD GOLD SCRAMBLE FORCE DEFLATION ON THE U. S.?

A Practical Discussion of the Gold Standard—Its Effect on American Money and Security Markets

By J. F. Rudow

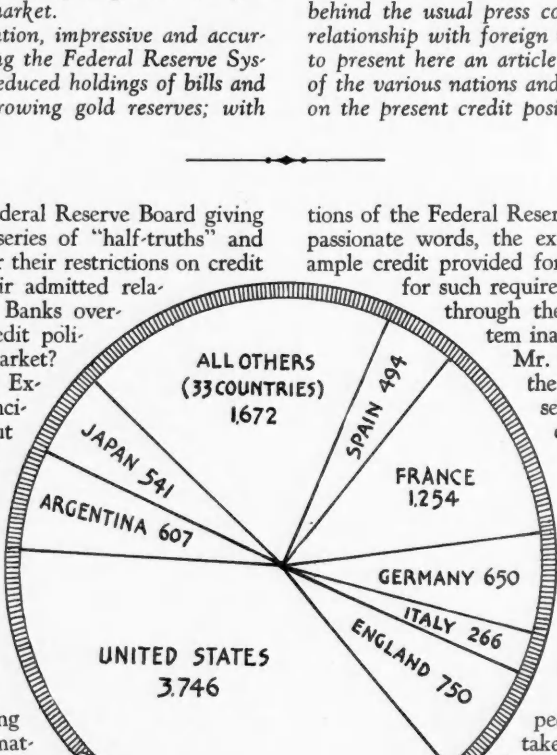
Controversy still centers on banking policy in the United States and its effect on the state of business and security markets. Many of the most recent discussions concern themselves with facts to show that the credit control now being exercised is both undesirable and unnecessary. All of which leave the layman in a much confused state of mind. It seems hardly conceivable even to the most casual observer that the Federal Reserve Board officials are enforcing a policy of credit restriction out of sheer perversity. Yet this implication continues to be impressed on the mind of the investor, who is told that no urgency exists to warrant credit restrictions that are interfering with the full speculative play of the stock market.

To back up the latter contention, impressive and accurate statistics are quoted, showing the Federal Reserve System in a strong position, with reduced holdings of bills and Government securities; with growing gold reserves; with ample credit available for commerce at moderate rates and a comparatively high ratio of gold reserves to Federal Reserve liabilities. The officials of the Reserve, on the other hand, have offered no full explanation of their position in the world's money markets nor their relationships with other Central Banks. Thus the discussion becomes a rather one-sided affair for reasons best known to the Reserve officials themselves.

In spite of all, investors are beginning to entertain a healthy suspicion that powerful economic factors of world-wide scope exert a strong influence on our domestic financial situation. With the purpose of taking our readers behind the usual press comment concerning this country's relationship with foreign Central Banks, we have arranged to present here an article that analyzes the money policies of the various nations and shows the effect of these policies on the present credit position of the United States.

Editor.

ARE the members of the Federal Reserve Board giving the American people a series of "half-truths" and hiding the real reasons for their restrictions on credit for speculative use? Does their admitted relationships with foreign Central Banks overshadow the effects of their credit policies in the domestic money market? Does the New York Stock Exchange, therefore, play the incidental role of an innocent but undesirable bystander to a mightier struggle that our Reserve Bank heads are engaged in with the other Central Banks of the world? These questions are raised here in order to focus attention on the international aspects of Reserve policy, lest American investors comfort themselves unduly in the thought that the current activities of the banking officials in this country, are a matter of no greater concern than the "prestige" of the Reserve officials and "control" of the security markets.



In the columns of this Magazine appeared recently an article by ex-Senator Robert L. Owen, dealing with the functions of the Federal Reserve Banks. In very clear and dispassionate words, the ex-Senator showed that there was ample credit provided for trade and commerce as well as for such requirements as "securities speculation," through the elasticity of the currency system inaugurated in 1913. Coming from Mr. Owen as one of the creators of the Federal Reserve System, it should set at rest the alarming cries from other quarters about brokers' loans and the "dangerously" large amount of credit absorbed, pulled away from commerce and trade.

President of the New York Stock Exchange E. H. H. Simmons aligned himself alongside the ex-Senator in his recent speech in Chicago. He showed that the so much denounced loans "by others" especially were indeed not credits taken from commerce and trade but capital seeking employment. (Of the increase in brokers' loans in 1928 to the amount of two billion dollars, 82% were "from others.") Here we have the opinions of two men who speak with authority and yet each

stays within the domain of his activities. Ex-Senator Owen speaks only as the man who created and represents a system to take care of the unhindered flow of currency and credit, while President Simmons speaks only of the forces behind stock prices, expansion of industries and capital.

If two men of such recognized authority and importance concur in their opinions, why is it that Governor Young of the Federal Reserve Board takes a position squarely opposite? Why the repeated warnings of the Federal Reserve authorities against speculation in the stock market and the enormous amount of black paint used for the decoration of brokers' loans? Why the oscillating policy in our domestic money market? There is only one conclusion possible, and that is that the Federal Reserve is hiding behind this screen of threats and warnings something vastly different. It can have nothing to do with the investment market and the preference of the investing public for equities rather than bonds, or more specifically, as some quarters maintain, that a market is to be provided for the absorption of forthcoming Reparation Bonds. That is not the business of the Federal Reserve Bank. Therefore it can only have to do with the Reserve System itself and, in consideration of our foremost financial position in the world market, with international banking.

All international banking is based upon gold, since *gold is the internationally adopted measure for all values* and *since all prices adjust themselves to the purchasing power of gold.* At a fixed percentage, gold forms the legal cover for most all monetary units of the different countries, and thus determines the values of note circulation and currency. Each export of gold which brings the metal cover below this fixed percentage leads to a restriction of note circulation and credit.

Effect on Prices

The consequence is a drop in prices. If such gold exports occur simultaneously in different countries, the subsequent price drop might easily spread over all countries which have adopted this gold standard. Last but not least, gold exports through their effect upon currency and prices, change the intrinsic value of contracts and credits based upon gold; change it to the disadvantage of the debtor who is forced to pay with money of a higher purchasing power than it was when the transaction was first consummated.

The weekly reports of the Central Banks of the world, including our Federal Reserve Bank, have for many months past disclosed that these banks are fighting a hard battle between themselves for the possession of the yellow metal. On the surface, this might indicate fear of a widespread scarcity of gold, but a closer analysis reveals that it is by no means a question of obtaining the largest possible amount of gold as cover for their respective currencies which causes this struggle. It is something much more basic and therefore much more serious. It is the forgotten or at least misunderstood meaning of a gold standard and the abuse of gold.

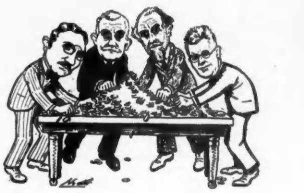
Let us see, therefore, what is the purpose and value of the gold standard and what is its most advantageous application in the present situation.

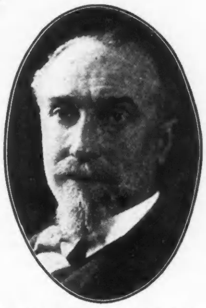
Gold has the tendency to flow automatically towards the country whose currency shows signs of elevating its purchasing power over the value of gold and conversely, to emigrate from countries where the purchasing power of the currency begins to move towards lower levels than the value of gold. This *free automatic fluctuation of gold is what gives the gold standard its real significance and lets it fulfill its purpose to bring the purchasing power of those countries which have adopted the gold basis for their currencies, to the same level, so that finally the currencies of those countries should become identical.*

EMILE MOREAU
Bank of France

ROY A. YOUNG
Federal Reserve

HJALMAR SCHACHT
Reichsbank





MONTAGU NORMAN
Bank of England

The situation we find now in the international gold market is as follows: Most all the countries with a gold standard have stabilized their monetary units on the basis of a note circulation which is about 50% greater than one and a half decades ago. The creation of new states with new note-issuing Central Banks has further increased this international currency circulation. Through the establishment in 1913 of the Federal Reserve System in our country and the right of the bank to issue treasury notes this circulating volume of currency has further been expanded.

It is a matter of common sense to realize that under such circumstances, gold applied as currency cover in the old sense could never fulfill its functions on the old basis without quickly developing a scarcity value. While, on the one side, the demand for gold was increasing rapidly, it could not on the other side lose one-third of its purchasing power in order to adjust itself to the decreased value of money and thus keep up its function of determining the value of currency. But by no means must the value of currency increase and destroy the stability of prices.

What has happened? In view of these fundamental facts, the Central Banks disregarded the changed conditions completely and started a policy of gold hoarding, evidently expecting that gold would by some miracle still fulfill its functions on the old basis. This is, of course, utterly impossible

Gold Governed by Supply and Demand

Gold cannot cover equally a higher circulation which has risen to 150% of its former volume, since it forms the basis of the whole world's price structure. On the other hand, gold is after all only merchandise and, as such, is subject to demand and supply. In the face of hoarding by the Central Banks, its price cannot remain stationary; it must rise. This move again cannot be prevented from spreading over all currencies and finally from effecting a

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WHAT SUPREME COURT'S DECISION MEANS TO RAIL INVESTORS

By PIERCE H. FULTON

AN extremely important and significant decision of the United States Supreme Court—the highest judicial body in the land—on "the greatest lawsuit in history" has been handed down. It came on May 20th. The case was argued on appeal before that tribunal on January 2nd of this year.

Reference is made, of course, to the St. Louis & O'Fallon Railway valuation case. In the short time that has intervened since the decision, various misapprehensions, some of them serious—with regard to the findings of the court, have arisen.

It is the purpose of this article to correct these misapprehensions through a brief interpretation of the scope of the decision and probable effects upon the railroads and their security-holders, present and prospective; shippers and the public generally, and last, but by no means least of all, the Interstate Commerce Commission.

Here are some of the most practical and probable effects upon the railroads and their owners—millions of stockholders in the aggregate:

1—A better status for the former in their dealings with the commission.

2—A fairer valuation for their properties.

3—Greater stability for the securities of steam railroads.

4—A more active investment and speculative demand for those securities, and, presumably, higher prices for many of them, such as have been recorded already.

5—Greater ease in the raising of new capital on terms advantageous to the steam carriers and their security-owners.

6—Higher dividends by some strong companies, initial declarations by others and increased safety for rates that have been uncertain, chiefly because of an unjustifiably low valuation.

Certainly no reasonable person could expect more to be accomplished by a single court decision.

It is equally important to call attention to some of the things that the O'Fallon decision will not do, at least in the immediate or even near future.

1—It will not necessitate the "scrapping" of the tentative and so-called permanent valuations as of June 30, 1914 and 1918, already announced, and the expenditure of millions of dollars more for doing this work over again.

2—It will not settle, by any means, the whole question of valuation.

3—It will not result in a big and general advance in freight rates—at least not soon—President Hoover and others are authority for this statement.

4—It will not result in heavy buying of equipment by the railroads in the near future, as has been wildly rumored in speculative Wall Street circles.

Better Relations with I. C. C.

As for the expectation of a better status for the railroads, their executives believe that Justice McReynolds' plain and even stern characterization of the powers and duties of the Commission will bring this about. It is their opinion also that in their future dealings with the Commission, with regard to other matters as well as valuation, it will realize that the Supreme Court has placed the steam railroads of the United States on a parity with public util-

ity and other important corporations. They were there already except in the minds of the I. C. C.

Regarding the confident expectation of increased stability for railroad securities as a result of the O'Fallon decision, it need only be suggested that, with physical property never in better shape, with financial structure and position never stronger, and now with the prospect of fair treatment by the I. C. C., such a result would be only natural and logical. Under these conditions a more active buying demand for railroad stocks would be correspondingly natural and logical.

The higher the valuation of a railroad property, the stronger its credit. The feeling that its position has been clearly defined by the United States Supreme Court would help mightily to the same end. More favorable terms in the raising of new capital would follow.

Some of the railroads with a low valuation and relatively large net earnings have made extraordinarily heavy charges to maintenance of roadbed, structures and equipment, all of which have been included in operating expenses, with a view to keeping net earnings down, in the hope, in turn, of escaping the recapture class, or making as small as possible the amount that might have to be paid to the Government.

With their valuations raised substantially by the decision in the O'Fallon case, this practice would no longer be necessary. Net earnings that might have gone to the Government on a low valuation, arrived at chiefly on 1914 prices, may be saved for stockholders, with the valuation raised, and distributed in part as increased or initial dividends.

Old Valuations Not Scrapped

Taking up some of the things that the O'Fallon decision will not do, it should be made clear that it will not result in the "scrapping" of the valuations already arrived at on the Commission's basis, which the railroads regard as largely obsolete. That work has been in progress for nearly 16 years and has cost in the aggregate something like $142,000,000 of which the railroads have paid roughly $110,000,000 and the Government $32,000,000.

Under the O'Fallon decision it will be necessary only for the Commission to bring those valuations up to date, giving due effect to the "cost of reproduction new." As the majority opinion did not specify to what extent this factor should be considered, numerous differences of opinion are likely to arise between the Commission and the railroads. This naturally would tend to further delay arriving at complete and final valuations.

Right here it should be stated emphatically that the railroads never have maintained that "the cost of reproduction new" should be taken as the only basis for fixing valuations. They simply have held that it obviously should be treated as an important factor, and that June 30, 1914, prices should not be the sole basis, as claimed and used by the I. C. C.

No one, from President Hoover down, expects a general and pronounced advance in freight rates to follow the O'Fallon decision. He has authorized the statement, "I am confident that there will be no increase in railway rates as the result of the O'Fallon decision." While it has been supposed in some circles that the valuations of the railroads would be used for rate making purposes, the fact is that the leading railway executives do not expect that they ever will be the sole basis but only a factor.

One prominent railway president, in discussing the matter recently, said: "As a matter of fact rates never have been made on valuation alone. They never will be and never can be. They are made by the two parties—railroads and shippers—through the medium of the Interstate Commerce Commission, getting together and determining how much the shippers can afford to pay and how much the railroads must have to maintain their properties, give the public reasonable service, keep in a strong financial position and make a fair return to their stockholders. This is the way it always has been done and the way it always will be done, until conditions that have existed for many years change radically."

It is agreed in railroad and financial circles that the carriers of the Northwest should have a general increase in freight rates, the central western roads an advance in class rates, but that no material revision upward is needed in either the eastern or southern areas. Clear-cut statements have come from many prominent railway executives since the O'Fallon decision was handed down, indicating clearly, that the railroads will go very slow in the matter of asking for higher freight rates.

The O'Fallon decision will not prove a cure-all for the whole question of railroad valuation. All along, since this undertaking was started, there have been points of material difference between the railroads and the I. C. C. that are not dealt with at all in the O'Fallon decision. They must be ironed out in conference or in the courts.

Further points of difference are almost certain to arise between these two parties to the valuation controversy, when the Commission takes up the big problem of bringing valuations up to date in accordance with the rulings of the Supreme Court in the O'Fallon case. Some of these matters probably will be settled only through court proceedings. In fact, railway executives have suggested that several suits with regard to valuation may be started.

Typical Cases of Railroad Earnings Subject to Recapture

Road	Estimated Amount per Share Subject to Recapture in 1928	Estimated Accumulation Subject to Recapture, years 1921-1928 (thousands)
Chesapeake & Ohio	$6.50	$35,000
Norfolk & Western	4.00	28,000
New York Central	0	27,000
Atchison, Topeka & S. F.	1.00	25,000
St. Louis-San Francisco	3.50	20,000
Atlantic Coast Line	0	9,000
Reading Co.	0	9,000
Baltimore & Ohio	0.60	7,000
N. Y., Chic. & St. Louis	1.00	6,000
Pere Marquette	3.75	5,000
Southern Railway	0.75	5,000
Union Pacific	0.30	5,000
Southern Pacific	0	4,500
Missouri-Kansas-Texas	1.10	4,000
Kansas City Southern	2.65	2,500
Delaware & Hudson	2.25	2,000
New Haven	0	500
Missouri Pacific	0	400
Pennsylvania	0	0
Erie	0	0

Improved Rail Market

It cannot be made too plain or emphatic that the near-by benefits of the decision will be confined largely to a better status for the railroads before the I. C. C., greater stability for railroad securities, and probably a better market for them. Most of the other expected benefits must await

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FINANCING INVESTMENTS

Wanted! Adequate Credit for Real Investors

By Arthur Millard

INVESTMENT dealers are serving a market which at present is estimated at about seventeen million security buyers. For the past few years, these investors have been buying on the average about ten billion dollars' worth of new securities per annum. The largest portion of these billions have gone into the treasuries of American corporations, for use in building railroads, factories, public utility plants, purchasing other corporations, refunding older securities and buying companies from private owners to be operated by professional managers for the benefit of the new stockholder-owners. Several billions have been invested in foreign countries, thereby offsetting our favorable trade balance and producing an income for American investors.

Ten years ago, financial transaction of such scope and magnitude would not have been possible because there were probably less than two million investors then, the great majority of which were institutions, capitalists and semi-professional investors. In the meantime, fifteen million new security buyers have come into the market recruited from the ranks of the moderately well-to-do, who have learned the advantages of placing a portion of their surplus income in capital producing assets. The conservation of wealth by this large group of men and women and its concentrated use to industry through the established channels of the investment business is playing a recognized part in institutionalizing our current prosperity.

To meet the investment requirements of this new class of security buyers, Wall Street has provided many facilities which were not available a decade ago. Investment dealers are slowly—very slowly some think — adopting modern merchandising methods in order to distribute their huge offerings on a market that is no longer a private affair but is now essentially a public market. Yet, Wall Street, always handicapped by its traditions, has failed to provide its public with one of the most important of modern merchandising aids, namely, the installment plan. The conspicuous absence of any established facilities whereby investors may acquire standard investment securities and pay for them "out of income" is responsible for the diversion of a tremendous amount of spending into other channels. The installment plan of buying—once stigmatized as a symbol of improvidence and poverty — is now the highly respectable arrangement under which rich and poor alike provide themselves with so many useful and delightful articles of trade, ranging all the way from a vacuum cleaner to a home in the country and an expensive car to drive there.

Formerly a subject of considerable controversy as to its economic soundness, there are undebatable figures now on record, which disclose that "time payment" sales are sustaining many industries at peak production. The most conservative estimates of automobile sales, for example, indicate that from one-half to two-thirds of the motor car sales are made to "time payment" consumers. Almost two billion dollars was used by this one industry alone in 1928 to finance its sales of new and used cars on the installment plan. And the industry's leaders concede that provision for the public to buy cars on easy terms, conveniently arranged without embarrassment or any undue "red tape," has made it possible for the manufacturers of automobiles to increase their output practically 400% since the end of the war.

What the financial community is thinking about now is this—if there exists a normal demand for investments of ten billion dollars a year on Wall Street's present "cash and carry" basis, what are the potentialities of this market if the public could be accommodated with a sound plan for buying good securities on "time payments"? With brokers' loans consuming some five billion dollars for brokers' "open accounts," with at least the suspicion that such funds are used for speculative purposes, why not create some provision for financing strictly investment purchases of securities?

The public demand for securities can hardly be questioned with the spectacle of a bull market for stocks sustained over the longest period in the history of Wall Street. That branch of Wall Street which is serving the public in its stock market transactions is prospering immensely. For security buyers, discouraged from the out-

on the INSTALLMENT PLAN

Central agency for installment investing necessary to overcome the limitations of Wall Street's "Cash and Carry" policy

right purchase of good investments because this business is done on a strictly cash basis for the most part, have turned to the stock market with their surplus funds. The investment dealers, on the other hand, find that their wares are less in vogue. Instead, the public is buying radios, automobiles and home furnishings on "time payments" that are not only easily arranged but which often are earnestly solicited.

Should the same buyer, however, become inspired by the desire to own a good bond or an investment stock that would permit him to share permanently in the growing industrial prosperity, he is confronted with entirely different circumstances.

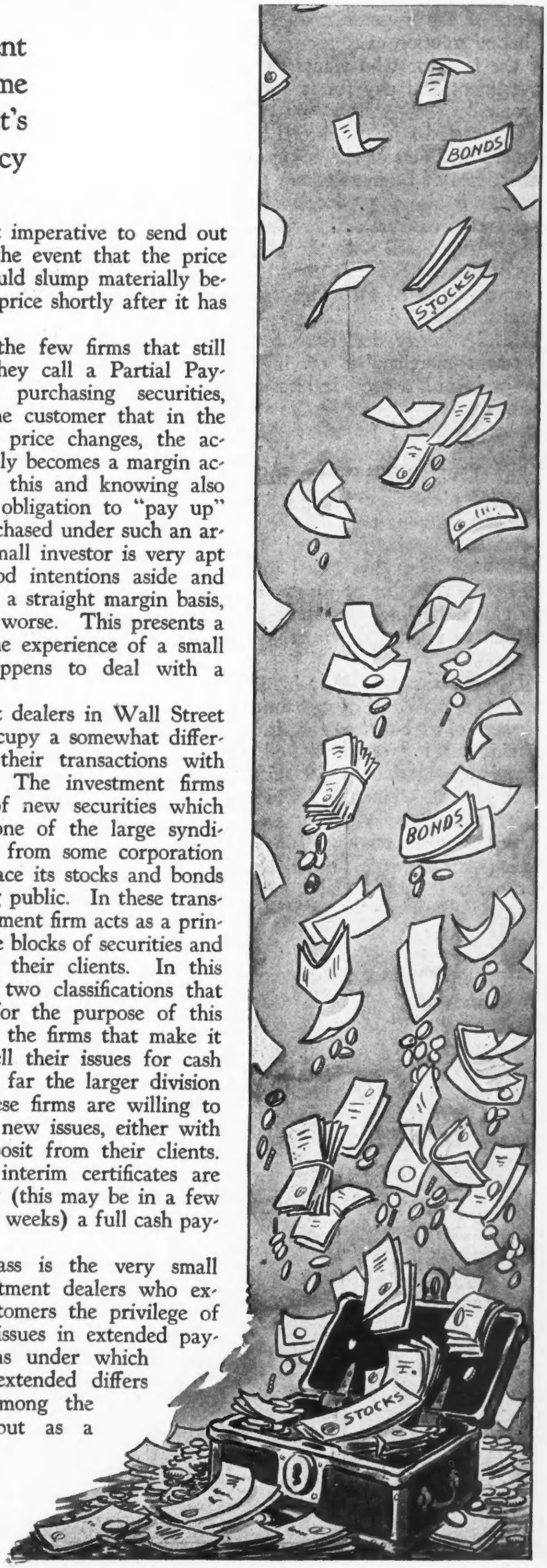
If he happens to deal with some security firm that is engaged in the security business in the strictly brokerage sense, he will probably not even hear the name mentioned of Partial Payment Plan once in vogue as a medium of service to the small investor. The broker, of course, offers willingly to purchase stocks or bonds against the deposit of a sum equal to one-half to one-third of the cost of the securities. This may be called a down payment or margin or anything else that the customer wishes to call it. He can pay off the balance in regular monthly installments in a lump sum or not at all, as long as the broker has sufficient "margin" in the account to protect him against the ever constant probability of a "break" in the price of the security purchased that would impair the customer's equity in the account. The rate of interest that the customer is required to pay on the debit balance in the account is fixed by the average rate of call money and at present would probably amount to from 10 to 12%.

Nine out of ten brokers drop the practice of even calling it a "partial payment account" notwithstanding the customer's intentions or wishes to pay up the balance owed on the purchase in regular installments. Of the member firms associated with the leading stock exchanges at present, one could count on the fingers of one's hand, the houses that maintain a standard partial payment contract plan for the convenience of their customers. In the first place the regulations of their exchanges prevent them from carrying securities without sufficient equity. This in turn, makes it imperative to send out margin calls in the event that the price of a security should slump materially below its purchase price shortly after it has been purchased.

Consequently the few firms that still maintain what they call a Partial Payment Plan for purchasing securities, clearly inform the customer that in the event of sudden price changes, the account automatically becomes a margin account. Knowing this and knowing also that there is no obligation to "pay up" the securities purchased under such an arrangement, the small investor is very apt to throw his good intentions aside and buy his stocks on a straight margin basis, for better or for worse. This presents a fair picture of the experience of a small investor who happens to deal with a *broker*.

The investment dealers in Wall Street and elsewhere occupy a somewhat different position in their transactions with their customers. The investment firms originate issues of new securities which they buy from one of the large syndicates, or directly from some corporation that desires to place its stocks and bonds with the investing public. In these transactions, the investment firm acts as a principal, buying large blocks of securities and retailing them to their clients. In this group, there are two classifications that might be made for the purpose of this article. First are the firms that make it their policy to sell their issues for cash only. This is by far the larger division of the two. These firms are willing to accept orders for new issues, either with or without a deposit from their clients. As soon as the interim certificates are ready for delivery (this may be in a few days or after some weeks) a full cash payment is expected.

The second class is the very small minority of investment dealers who extend to their customers the privilege of paying for their issues in extended payments. The terms under which this privilege is extended differs in some detail among the various houses, but as a group these firms are distinguished by the paucity of their number and the fact that they



extend this privilege only in their own originations. If it happens that the particular issues which can thus be acquired meet the individual requirements of the investor, then only does a happy solution exist for the dilemma of the investor who wants to own an investment and pay for it "out of his income."

Contrasted with the broad and convenient mediums of extending credit in other lines of business where the small investor is also a good customer, some foresighted bankers and brokers are becoming impressed with the inadequacy of the present facilities open to him as a security buyer. At present when the bond market is going begging for buyers and security dealers find their investment merchandise moving slowly, the problem is a good deal less academic than it was a year or so ago when the investment firms found it difficult to supply all their customers' demands. John J. Raskob's prematurely announced plan for creating a "working man's investment trust" to be financed through the sale of securities on the installment plan, has aided in crystallizing the thoughts of investment dealers along the lines of some centralized agency to finance the purchase of investment securities.

For one thing, it is recognized that there is a good deal of well intentioned buying of securities for investment that is turning out to be ill advised speculation in the present state of the stock market. There is a wide gulf of difference between seventeen million security buyers who are placing their savings permanently in well chosen investments and an equal number trading in and out of the stock market, all hoping to make a handsome profit from their transactions. The Federal Reserve Board would undoubtedly feel much happier about the absorption of several million dollars to be used as a revolving fund in the financing of actual investment purchases than it is to see a large sum involved in brokers' loans which defy all attempts of control.

The installment buyers of investments would be essentially a better "credit risk" than the installment buyer of other "merchandise." Savings mobilized for the acquisition of income producing securities, are likely to provide more lasting advantages for the community than savings mobilized for spending. Heretofore, all of the emphasis of the installment plan has been thrown on spending.

The purchase of a sound security whether on a cash basis or whether it is arranged on installment payments, represents merely the transfer of one form of wealth for another. It is not "spending" in the same sense as the acquisition of a manufactured article which will depreciate through use. A good investment security, in fact, appreciates in value as it becomes "seasoned." The present worth of most of the goods purchased ten years ago on the partial payment plan must be expressed in terms of junkheap values, and the most articles depreciate 50% or more in value the moment they are sold—a fact that the finance companies must take into consideration in fixing their terms of installment buying costs.

There is an element of compulsion in making payments for installment plan purchases that lends itself particularly well to the purchase of investment securities. The large finance companies which have been instrumental in establishing the installment plan in other lines of industry find in their experience that once the buyer has signed his contract and made the first payment, he is very likely to make good on the contract and complete his payments. This sort of "follow up" is just what is lacking at present in the public's security buying habits, even through the incentive to own a good income paying security certainly compares well with some article of trade that means further expense to the owner instead of additional savings.

Bankers who have been "sounded out" concerning the practicability of extending credit to finance the purchase of good securities, agree that if established on a sound basis, the plan would be a marked improvement over the present state of affairs. Sales contracts of the leading investment houses could be discounted at a rate that would not be prohibitive from the small investor's standpoint—many of them concurring that the actual cost of handling this type of credit under normal conditions would be appreciably less than the cost of other sales credits. The ultra-conservative attitude of the investment firms is the stumbling block at present, they say. The initiative must be taken by the seller, not the finance company. Whether Wall Street will content itself with the "cash and carry" market for its offerings or whether it will advance the public ownership of securities to more than a partially fulfilled ideal, remains therefore with Wall Street itself.

It is generally conceded that recent efforts to curb speculative activities in the securities markets have perhaps inadvertently placed a serious obstacle in the path of a large number of real investors. Investigation of this situation has disclosed the inadequacy of present facilities to assist the small investor in his efforts to convert his earnings into sound investment securities. On behalf of many thousands of such investors who are looking to this publication for counsel in their investment problems, it is hoped that the facts outlined in this article will help to crystalize sentiment in the financial district to an extent that will bring practical results. We will be glad to receive communications from our readers and others interested in the development of further facilities to give the buyers of investment securities at least the credit advantages that they enjoy in other markets.

MEXICO PASSES THE CROSSROADS

Renewed Investment Possibilities Rise With Stable Conditions

By Wallace Thompson

Editor of INGENIERIA INTERNACIONAL, and author of The People of Mexico

THE sixty-day rebellion in Mexico was crushed with a finality and efficiency that reveal strong prospects of durability in the present Mexican regime. Following its Pan-American policy of recent years the Government of the United States faithfully supported the Calles Government, thus adding another bond to the many that have been established between the United States and Mexico since Ambassador Dwight Morrow went to Mexico City. We have proved ourselves to be a patient friend and good neighbor in Mexico's years of agitation and distress. Now that the prospect of continued peace is bright, there should be a great revival of industrial activity—agricultural, mining and manufacturing—in that country whose natural wealth fascinated the conquistadores four hundred years ago but has never been adequately developed; and our friendship may find substantial rewards. Here as in Canada to the North, we have advantages of proximity and understanding that will certainly give us a handsome share of the great enrichment of Mexico that will follow stable Government.

BUSINESS in Mexico is inextricably tied up with politics. This has been true since the beginning of her history four hundred years ago as a Spanish colony, and it remains true today. The Spaniards suppressed virtually all native industries, in order to benefit Spanish factories and Spanish merchants at home, and to insure the payment of heavy taxes; all foreigners and foreign goods were rigorously excluded for three centuries to the same end. The rare restraint, or more often, the greed of a viceroy was, locally, always the first factor in the business situation, and in the various revolutions since independence. The whim of bandit chieftains for levies and "contributions" or the looting of banks and private stores remained, and is, today, the greatest risk in business. Thirty years of political peace under Porfirio Diaz was alone responsible for the greatest period of economic development in Mexican history.

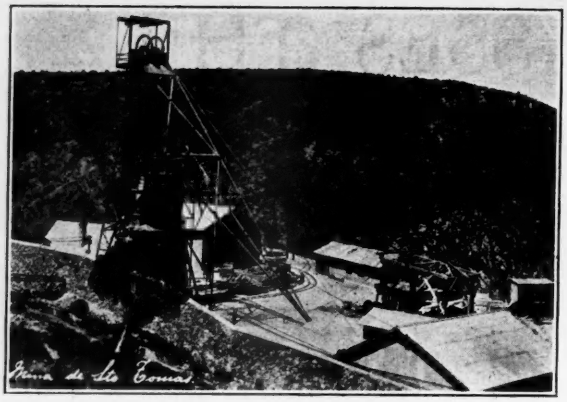
In the past twenty years, Mexico's progress, the prosperity of her people and the safety and profit of the foreign capital invested there have ebbed and flowed with the tide of politics and revolution. A temporary government could, and did, take gold, silver and honest currency from banks and people, and substitute fiat money, printed on a hand press from plates that anyone could counterfeit. A government decree aimed at religion could, and did, precipitate a buyers' strike that tangled all the lines of trade and government and set the whole economic structure of Mexico at odds. The brief spells of peace, the promise of relatively good government even for a few months, have on the other hand time and again quickly snapped Mexico back into periods of good business and happy economic reconstruction.

The collapse of the recent Mexican revolution, which began on March third, last, and ended in the final straggling retreat of the last rebel leaders across the Sonora border into the United States two months later, is therefore of deep significance to the economic development of that country. The government has won hands down. That government, which still calls itself "the revolution" (as dating from 1911), has thus proven to the Mexican people three very important things. First, that the best financed, best organized and best planned counter revolution since the fall of Diaz in 1911 could be defeated, thus probably eliminating for the last time the factor of the "old Mexicans" in Mexican politics. Second, it has proven that it has the unqualified support of Washington and, the Mexicans believe, of the financial leaders of the United States as well. Third, that the Catholic church of Mexico is not literally a church militant, for the Catholics as a group never rallied to the support of the recent revolt, although it gave every promise of being distinctly favorable to the church party.

Mexico seems to have passed the crossroads, politically, and "the revolution" is (apparently at least) firmly established in the saddle. This present year, 1929, has long been looked upon as the critical year of recent Mexican history. It follows the assassination of President elect Alvario Obregon in July, 1928, the voluntary and unprecedented retirement from the presidency of Plutarco Elias Calles, the "strong man" of Mexico, and the elevation of Emilio Portes Gil to the provisional presidency as the first civilian to hold the office in more than fifty years. Mexico is now preparing for the election of a president to fill a six-year term which begins this winter. The victory of the government forces under General Calles make him, again, a logical candidate and even should he decline to run, promises a peaceful regime, with his great power in the background, behind whomever is elected.

Tapping a Rubber Tree

Mexico now faces the outstanding test and opportunity of her economic history as well, for the crises of 1929 are not alone those of politics. For eighteen years Mexican revolutions, dictators, constitutional conventions and legislatures have been breaking down the fabric of the civilization built by Juarez and Diaz, the two presidents who left their mark on Mexico in the last century. In some categories, like those of the arts and education, the slow process



One of Mexico's Silver Mines

of rebuliding has been begun again, but progress has been far less rapid than the world without has come to believe. On the more material side, the destruction has been carried on deliberately and consistently, almost up to today.

Bananas at Loading Point

The foundation structure of the oil industry in Mexico has been wiped out, because the Mexicans did not believe that its old organization was sound and profitable for them or their country. The mining industry has been partially eliminated, as it existed in the old days, for the discouragement of development work by taxes, government regulations and lack of labor has borne its fruit only within the year in the stoppage of the work at last in hundreds of properties, just as the foreign owners predicted would be the case, twelve years ago. The confiscation and expropriation of foreign owned farm and cattle lands, under the Constitution of 1917 and in compliance with the promises of succeeding revolutionary governments to divide up the best lands amongst the peons—all this has gone on ruthlessly, consistently, and inexorably. Claims have piled up and ruin has stalked in the trail of retreating foreigners and foreign land companies; here and there the flood has been stopped momentarily by the efforts of such able American ambassadors as James R. Sheffield, but the stream was liquid, and, again—inexorable. "The revolution" has triumphed economically as well as socially and politically, on the destructive side. How, then, about the economic reconstruction?

The Mexican revolutionary leaders have always said that they wanted foreign capital in mines, factories and business, foreign oil development, foreign land development, even. But they have said as frankly and as calmly that they wanted this foreign investment to come on Mexico's own terms, under the exact provisions of that strange Constitution of 1917 which provided that no foreigner, individual or corporate, could own Mexican soil along the border or the seacoast, and that foreigners could not be the controlling factor in any Mexican company operating mines, oil well or farms. And in the darkest days of the revolution, the Mexican officials and their spokesmen have insisted quietly, in the face of unutterable scorn from American bankers and outraged American land owners and oil men, that the time would come when American capital would enter Mexico anew, and on those terms.

The period of destruction is probably over, and now is beginning the test of the economic structure envisioned by "the revolution." The test is whether, in this new era of political solidity and rising confidence within Mexico itself, the world of finance and investment—government, industrial and private—will look with favor on the opportunities Mexico has always held out so generously, but which political and socio-economic unheavals have made seem so dangerously sweet and distant in recent years.

It seems safe to promise that the answer of the world of money and industry will be affirmative, and that this year will see the flow of American and other foreign capital back into Mexico in increasing volume. Prior to the revolutionary outbreak of last March, the tendency of capital to turn back to Mexico was pronounced, and although the revolt stopped it, the success of the government in virtually every battle this year gave the reassurance which was all that was needed or desired.

The Electric Bond and Share Company, through its subsidiary, American and Foreign Power, had led the break this year by the purchase of the holdings of the late Lord Cowdray's Whitehall Securities Company, in power plants and power distribution systems in Mexico and Chile. Prior to that (to mention only one more), the International Telephone & Telegraph Company had recovered its properties taken by the Mexican government as a "war measure" and had begun the modernization of its plant there with the investment of large sums of money in automatic exchanges in half a dozen cities, and the completion of long distance lines throughout Mexico and into the United States.

These two countries, in their ramifications, touch probably the largest group of industrial and banking investors and companies ever interested in Mexico. The questions and comments of some of the executives of those companies and their associated groups indicated, six months ago, that the tide had turned, with American money flowing back into Mexico. And, certainly on Mexico's own terms. It was only temporarily stopped by the revolution, and it seems safe to predict that the flow of corporate capital will be resumed, and that all that is now holding it from assuming proportions visible to the

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Harvesting Sugar Cane on West Coast

naked—and even hostile—eye, is the situation in the money market in New York.

The difficulty faced by all who knew Mexico in the older days before "the revolution" of 1911-1929 has always been in accepting that revolution as an accomplished fact. The chief difficulty of the United States Department of State itself in its Mexican relations, was its refusal for fifteen years to accept the *fait accompli* of the revolution or to believe that the present regime would last in Mexico. The old investors, many of whom have lost large sums of money and, some, everything they had in the world, have been not unnaturally the staunchest holders of the old fort, the last to see in the present regime any factor of permanence, let alone of respectability or common honesty.

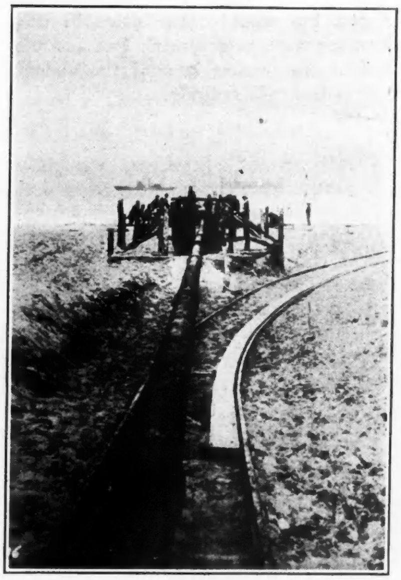
Within the past twelve months two very important things have happened to indicate a new trend of official and private opinion regarding Mexico. A year ago last March, the Department of State issued a brief announcement which indicated a new and almost revolutionary change in its policy toward Mexico. At about the same time two eminent American economists went to Mexico and made a significant and as yet secret report on the economic condition there for the International Committee of Bankers.

The press announcement from the Department of State on March 27, 1928, has been given far less importance than it deserves, for it was taken at the time merely as sounding the deathknell of American official pressure on oil matters in Mexico. As a matter of fact, it was not only that, but a statement of complete acceptance of the Mexican revolution at last, and the passing over to the Mexicans of the adjustment of the current American claims which has theretofore been handled by means of official and hearty protests and notes from the Department of State and our unfortunate ambassadors in Mexico City. Here is the significant phrase in that press announcement:

"The Department feels, as does Ambassador Morrow, that such questions, if any, as may hereafter arise can be settled through the due operation of the Mexican administrative departments and the Mexican courts."

The United States government thus accepted, at last, the Mexican revolution. About six months later the report of the experts, Joseph E. Starrett, formerly of the Dawes Commission, and Dr. Joseph S. David of Leland Stanford University, was made to the Bankers' Committee of which Thomas W. Lamont is chairman, and which is the agency through which the various agreements for the settlement of Mexico's foreign debts have been made. That report on Mexico has never been made public, but it is known that although it is calmly appraising of the situation, it amounts to the tantamount acceptance, by the financial world, of the present Mexican regime, of its good faith and of its willingness to abide in the future by the common practices of civilized nations in its relations with foreign capital and foreign property.

Cotton Mill at Orizaba



Loading Oil Tankers at Sea off Palo Blanco

The experts found an efficient budget system and funds, despite the loss of oil revenue (which loss had upset the working of the Lamont-Pani agreement of 1925). They were particularly impressed by the fact that despite her inability to borrow abroad, Mexico is going forward with a budgeted public works program of about $15,000,000 a year, two-thirds of which is going into irrigation and one-third into roads, all of which under normal conditions would be a capital expenditure taken care of by bonds. The foreign debt of $625,000,000 is of course the concern of the whole study, and secondarily the $1,500,000,000 of American claims for damage from the revolutions and other causes. The National Railways they believe could be made to produce government revenue, if returned to the American company, in which the Mexican government owns a half share. The good faith of the Mexican government and officials individually is assumed, throughout the experts' report and the whole tendency of this highly authoritative advice to the financially influential groups in this country is said to be toward re-entering Mexico with a full and free hand—and, again, on Mexico's own terms.

Sisal on Bleaching Racks

Prospective Investment Channels

If their diagnosis is correct—and certainly the dominating financial interests were bitter enough against the then Mexican government ten or even five years ago—the resumption of investments in Mexican industrials and per-

(Please turn to page 240)

MARKET REFLECTIONS

THE market has succumbed to the exigencies of the credit situation. Traders committed to the bull side have been discouraged by the inability of stocks to maintain advances. With call money costing between 10 and 15%, the inability to realize offsetting profits means that speculative operations are extremely costly.

* * *

THUS it would appear that the banking authorities are finally getting the upper hand of the speculative market. Acute weakness which developed early last week, in the light of subsequent events, would appear to have been due to "smart selling" from well informed quarters. Prices finally broke sharply when the public became aware of the greater imminence of increases in Federal Reserve rediscount rates.

* * *

ODDLY enough, the market took the threatened rate increases quite seriously, although the possibility of such action has long been known and constantly held as a threat against the bull forces.

* * *

THE swift and decided changes which frequently characterize market psychology are being striking illustrated. While the decline has been furthered by short selling, pressure of this sort could not well prove effective unless extensive liquidation had come into the list. Such liquidation is evidently originating with traders who recently scrambled hurriedly into stocks on every bit of good news, but whose pessimism now permits them to see only the darker side of the picture.

* * *

GOOD earnings statements, dividend increases and similar constructive events have utterly failed to register an impression. Eventually, of course, the market will hark back to these events. It will then discover that, just as enthusiasm was overdone in respect to numerous stocks on the upside, so now the disciples of despair have forced many stocks to sell below prices justified by actual values.. Thus, in the current readjustment, the stock market is also laying the foundations for advances in new leaders in the not distant future.

* * *

EVEN the reception accorded the O'Fallon decision fell more or less flat. True, this piece of constructive news was momentarily welcomed by a spectacular demonstration in the rail shares, but most of the gains in this direction were subsequently lost and the rest of the market ignored the violent rise in the rails entirely.

* * *

THIS result, however, evidently arose from the inability of traders to view the news of the decision calmly and in the ill-advised rush for rail stocks, buying was temporarily overdone. The Supreme Court's decision is of great moment to the carriers and will doubtless bring the rail stocks more prominently into public favor in due course.

* * *

IN this connection, it is, perhaps, significant, that stocks like Norfolk & Western, Chesapeake & Ohio, Pere Marquette, St. Louis-San Francisco and Union Pacific, refused to settle back to their pre-decision lows, in spite of the general market weakness. Erie, of course, has shown more or less strength independently of the O'Fallon decision because the steady improvement in that road's earning power is held to foreshadow dividends, possibly late this year.

* * *

RAILROAD equipment prospects are said to have been materially brightened by the railroad's victory over the I. C. C. This possibility is held to account for the persistent firmness in American Locomotive. The first premise appears subject to question. "Loco's" strength is readily explained solely on the basis of current improvement in the company's prospects.

* * *

THE Street was puzzled by the seeming failure of brokers' loans to harmonize with the slowing down in speculative activities that had occurred up to the middle of May. Some comfort was derived from the scaling down of the rate of expansion through the week ended May 14, however. It is pointed out that stock prices have suffered severe deflation to an extent which the loan figures are far from reflecting. For example, Anaconda, old stock, at last week's low was off more than seventy points from the year's high. The market price of Chrysler had been cut almost in half. Goodyear was off 36 points, Montgomery Ward 44, Steel about 27, and other leading issues in proportion. A report on brokers' loans, resolving them into their component parts, might throw some light on this seeming anomaly.

* * *

STUDENTS of the money market are not sanguine that rates will remain easy around the 6% level for very long, however. They point out that a period of renewed stringency may be expected sometime between the middle of June and the first of July, since approximately 300 million dollars of income tax payments are to be made about that time, while about 700 millions will be disbursed in dividends and interest, with a like amount to be transferred on account of financing in connection with recent offerings of stock rights.

* * *

THE fact that price increases have followed abandonment of restrictions on crude oil production in the Mid-Continent would seem to indicate that demand is catching up with supply. A basis would seem to exist for the return of oil stocks to public favor when the general market moves from under the cloud of immediate uncertainties.

* * *

AN actual advance in rediscount rates would unquestionably be welcome in all quarters since it would tend to clear away misapprehensions that have existed ever since the Reserve Board's warning early in the year, both in the market and in business. A rise in rates, it is felt, would tend to stabilize the money situation and do away with the disturbingly erratic fluctuations that have constantly occurred in call money.

CAPITALIZING AMERICA'S BILL FOR PLAY

Strong Industries Created by Tremendous Demands for Amusements and Luxuries Provide Fruitful Investment Field

By H. J. Knapp

IT is often said that Americans do not know how to play, but if this is true it cannot be because we do not have plenty of costly playthings at our disposal. A careful estimate recently made places the total annual expenditure of the nation for play and recreation, broadly interpreted, at the astounding figure of more than twenty billions of dollars or about one-quarter of the national income.

Much of this vast expenditure, for example the cost of golf, vacation travel, football tickets, etc., does not pass through channels which are reflected in securities listed on the New York Stock Exchange or any other big financial mart, but other billions of dollars go into the treasuries of makers and distributors of moving pictures, theatre owners and play producers, manufacturers of radio equipment, cameras, candy, soft drinks and chewing gum. None of these, nor yet the big tobacco companies, can be classified as "basic industries" yet they are among our richest corporations and millions of dollars have been made by prudent investors in their securities.

Trend Still Upward

The long term trend of America's expenditures for amusements and luxury items is very clearly upward, reflecting the steadily growing national income and rising standard of living. Net incomes of many companies catering to our love of entertainment and pleasure are gaining rapidly and the securities issued by some of these concerns have achieved recognition as genuine investments.

It may be somewhat deplorable, at least from the aesthetic and cultural viewpoint, that instead of singing and dancing on the village green accompanied by local musicians playing national airs—things which are still popular in some countries of the old world—some thirty million Americans sit at ease every evening in overheated homes devoting rapt attention to the radio while even the most energetic members of the community go no further than to perform the latest jazz steps to music furnished by an unseen and far-away orchestra. Even if not so completely out of tune with our mode of life the more picturesque but primitive pastime would obviously be physically impossible in any American city today, and the millions invested in businesses based primarily upon our innate love of music, even if of the "canned" variety, are in no danger from any revolution in public taste.

Radio Corporation of America was formed less than ten years ago but the latest balance sheet shows assets of $62,000,000, gross sales during 1928 amounted to nearly $87,000,000 and net income

Twenty-One Billion Annually for Play,
from a Compilation by Stuart Chase in "Whither Mankind"*

Forms impossible without machinery	
Pleasure motoring (2/3 of total cost)	$5,000,000,000
Vacations and travel (Transportation element primarily)	2,000,000,000
Moving Pictures	1,500,000,000
Newspapers, tabloids, light fiction (in part)	1,000,000,000
Radio	750,000,000
Phonograph, Pianolas, etc.	250,000,000
Telephone—pleasure factor only	100,000,000
Flying, bicycling, etc.—pleasure factor	25,000,000
Total	10,635,000,000
Forms conceivable without machinery	
Entertaining, visiting, night clubs, road houses—(food and service factor)	3,000,000,000
Candy, chewing gum, hard and soft drinks—(in part only)	2,000,000,000
Tobacco—(in part)	1,500,000,000
Collections, hobbies, pets	1,000,000,000
Shows, theatres, concerts, religious revivals, lectures, etc.	500,000,000
Gifts (in part)	500,000,000
Golf	500,000,000
Social Clubs (upkeep factor only)	250,000,000
Children's toys	250,000,000
Indoor games—cards, billiards, pool, chess, etc.	100,000,000
Playgrounds, camping, hiking	100,000,000
Dancing, jazz palaces, etc.	100,000,000
Amusement parks	100,000,000
Processions, celebrations, pageants	50,000,000
Swimming and bathing beaches	50,000,000
Musical instruments (non-automatic)	50,000,000
Gambling	50,000,000
Horse-racing	50,000,000
Football	50,000,000
Baseball	50,000,000
Sport clothes	50,000,000
Prize fighting	15,000,000
Tennis and allied games	15,000,000
Yachting and boating	10,000,000
Field sports	10,000,000
Winter sports	10,000,000
Indoor sports—gymnasiums, basketball, bowling, etc.	10,000,000
Grand total, all forms	$21,045,000,000

**Courtesy of Longmans-Green & Co.*

for the year to $19,835,000, more than double that of 1927 and more than four times that of 1926. The company is without doubt the leader in its field although by no means without competitors seeking a share in the millions we spend for this new and well loved toy. The rapid rise of Radio stock during the last two years has been one of the features of the "Street" and fortunes have been accumulated by people who a few years ago foresaw the possibilities of the company and who backed up their ideas by the investment of their spare cash.

The former Victor Talking Machine Company, now merged with Radio, likewise built up a tremendous business based on our love of music which we are unable to produce for ourselves and hence accept second hand.

During the year 1928 the entire radio industry enjoyed a period of great prosperity due in large measure to the perfection of electric socket operated receiving sets, and the consequent replacement of the older battery sets. Years of experimentation are bearing fruit in current and prospective profits. Unless public taste changes in a manner wholly unexpected and unforeseen more and more millions will be poured into the treasuries of makers of radio equipment. Possibly a saturation point will be reached in time and subsequent expenditures will be confined largely to replacements but that eventuality does not appear likely to interfere with the business in the near future.

This prediction of prosperity for the radio business in general must not, of course, be taken as a blanket endorsement of all the securities issued by the many radio companies, for we all know how keen is the competition in this field and how many ambitious concerns have fallen, and will continue to fall, by the wayside. As in any other group and at any other time a careful study of the past record and the future outlook for each company must be made before investment commitments are justified.

The Paramount Theatre Building in New York City

The Development of the Movies

Hollywood stands as a living and growing monument to the greatest of all American industries based on our love of amusement. At least 150,000 miles of moving picture film are now produced each year as compared with only some 21,600 feet about thirty-five years ago when this great business had its beginnings. Probably two-thirds of the American people attend the movies with a fair degree of regularity and motion picture films are among the major items in our export trade. Chains of "picture palaces," filled nightly to capacity, stretch from coast to coast in every city in the land and attest the enormous popularity of the stars of the silver screen. The combined capital investment of the great companies supplying us with these luxurious theatres and the never ending flow of new films to supply the constant demand for rapid changes of programs would reach almost unbelievable sums. Much of this money comes from the relatively small investors who have a well justified faith in the future of these great amusement enterprises, a faith probably not misplaced.

Nearly two thousand first-run motion picture theatres in this country have now been equipped to exhibit "sound" pictures and public interest appears to have been notably stimulated by synchronized sound accompaniment. The large scale introduction of color films and those with devices giving the illusion of depth to the pictures is said to be well on the way. Complete dramas and musical shows reproducing more and more perfectly the entire stage picture, dialogue and accompaniment of the most ambitious Broadway entertainments will soon be available in every town large enough to support a well equipped movie house, if plans of producers are realized.

Not Yet at Its Zenith

Evidently the great motion picture industry is yet far from the zenith of its development, and the earning power of the few great companies into the hands of which the business is rapidly becoming centralized may be expected to show continued gains as the years pass. As a nation our love of amusement in this particular manner shows no sign of being on the wane but, on the contrary, our national appetite becomes increasingly insatiable year by year. As a class few securities appear more attractive for long term holding than stocks of the giant motion picture companies but, as everywhere else in the investment field, and especially under present market conditions, the merits of the particular issue under consideration must be carefully analyzed.

Eastman Kodak Company affords another example of a great business developed from small beginnings and founded upon amusement rather than upon utility values. Year by year, with only minor fluctuations, the earning power of this corporation, operating in recent years only as a holding company controlling the activities of numerous subsidiaries, has mounted steadily upward until an annual net of $20,000,000 has been reached. In common with the other businesses mentioned the prosperity of Eastman has its roots in our national love of pleasure and entertainment and among the most promising developments of the company in recent years are the small "home movie" cameras and projectors which are so rapidly gaining in popularity. Stability of earning power has given Eastman stock an excellent investment rating and those who have held the issue over a period of years have been rewarded by seeing their fortunes grow.

A Fortune from an American Habit

The Woolworth Building in New York is by no means the only stately skyscraper erected as a monument to the profits of a business based on sales in units of nickels and dimes, or even pennies. Chicago is proud of the glistening Wrigley Building on Michigan avenue but few people stop

to reckon up how many packages of chewing gum were involved in aggregate sales of $22,781,646 during last year or how many tiny profits were gathered together to make a total net of $11,068,618. A glance at the balance sheet or income account of the Wrigley Company and a quick comparison of current figures with those of earlier years justifies the classification of gum chewing among the great American amusements, and Wrigley is by no means the only enterprise which has capitalized this particular American appetite—or weakness as some would have it.

Although not to be classified as amusements and hence, perhaps, hardly within the proper scope of this study, yet certainly not to be considered as necessities and representing a large part of our national expenditures for non-essentials, might be mentioned in passing such prosperous industries as those supplying us with candies, soft drinks and tobaccos.

The thriving town of Hershey, Pennsylvania, reminds us all of the profits derived from the lowly little chocolate bar. The latest balance sheet of the Hershey Chocolate Corporation shows total assets not greatly under $35,000,000 and net earnings of the company for 1928 were $6,456,000 and total sales for the year more than $38,000,000. The business was founded thirty-five years ago and has grown steadily ever since, wholly without advertising and based upon the great American appetite for a modest little tidbit. Great banking interests were finally attracted by the sustained prosperity of the business, its securities were listed on the "big board" and have taken their place among the promising issues recommended to conservative investors. Purchasers have been amply rewarded by growing earnings and handsome market price appreciation, too, and the end is by no means in sight.

Sales of the Canada Dry Ginger Ale Company have doubled in the last four years and net income for 1928 was more than $3,100,000. Another favored stock has taken its place among the elite on the New York Stock Exchange and has made profits for those who backed the prospects of the company with their dollars. During 1928, 106,000,000,000 cigarettes were manufactured in the United States, and the earnings of all the big tobacco companies reached figures never before attained. Coca-Cola's record of growing earnings has been almost phenomenal.

Enough has been said, although examples could be multiplied almost without end, to show that not alone among the so-called basic industries are to be found companies with records of notable prosperity. So long as we Americans continue to increase our national income and so long as we love to play, to be amused and to provide ourselves with countless little luxuries of the types discussed, there will be opportunities for making money by investment in the stocks of companies catering to our desires.

Leading Companies in Amusement and Non-Essential Industries

Company	Net Income 1927	Net Income 1928	Earned per Share 1927	Earned per Share 1928	Dividend Rate	Recent Price	Yield %	COMMENT
Fox Film Corp.	$3,120,556	$5,957,218	$6.24*	$6.46	$4.00	85	4.7	Fairly attractive. Earnings likely to show good 1929 gain.
Loew's, Inc.	6,737,205	8,368,162(a)	5.08	5.98	3.00†	57	5.3	Moderately priced and good return. Satisfactory for long term holding.
Param't Fam. Lasky	8,057,997	8,713,063	3.61	4.22	3.00	63	4.8	Satisfactory yield. Good for investment.
Warner Bros.	30,427	2,044,832(a)	(b)	(b)	...	118	..	Earnings rising very rapidly. Attractive at current levels.
Shubert Theatre	1,633,577	1,356,436	9.07	7.53	5.00	60	8.3	Earnings showing steady downward trend. High yield reflects uncertainty.
Madison Sq. Garden.	1,014,199	NR	3.12	NR	1.50	19	8.8	Uncertain outlook. Some recent operations unprofitable.
Radio Corp.	8,478,320	19,834,799	6.15*	15.98*	...	91(n)	..	Speculative position after recent sharp gains but long term outlook excellent.
Eastman Kodak	20,142,161	20,110,440	9.61	9.59	8.00†	174	4.6	Stabilized earning power give good investment position.
Wm. Wrigley Co....	9,767,347	11,068,618	5.43	6.15	3.75†(c)	74	5.0	Good return. Steady gain in earning power. Moderately attractive.
Hershey Chocolate...	4,160,770(d)	6,456,388	3.00(d)	6.59	...	90	..	Rapidly increasing earnings. Attractive for investment purposes. Dividends probable soon.
Canada Dry	2,234,181	3,103,294	5.07	6.10	4.50†	82	5.4	Moderately attractive on earning power and income basis.
Coca-Cola	9,163,155	10,891,120	9.16	10.19	4.00	125	3.2	Low yield. Attractive for long pull. Dividend increase probable.
American Tobacco...	23,259,170	25,106,797	10.29	11.19	8.00	169	4.7	Attractive for longer term. Stock split with increased dividend likely.
Liggett & Myers....	18,743,395	19,409,000	6.57	6.82	5.00†	89	5.6	Earnings increase slowing down. Good return. Fairly attractive for investment.
Reynolds Tobacco ..	29,080,665	30,172,563	2.91(n)	3.16(n)	2.40(n)	56	4.3	Moderately attractive. Comparatively low return and earnings gains recently slow.

NR—Not reported. (n)—New stock. † Partly extra. * On former capitalization. (a)—Years ended August 31. (b)—Changes in capitalization make computation on per share basis impossible. (c)—Plus 5% in stock. (d)—Ten months to October 31.

PARAMOUNT FAMOUS LASKY CORP. 6's '47

Investment Opportunity in Strong Income Producer

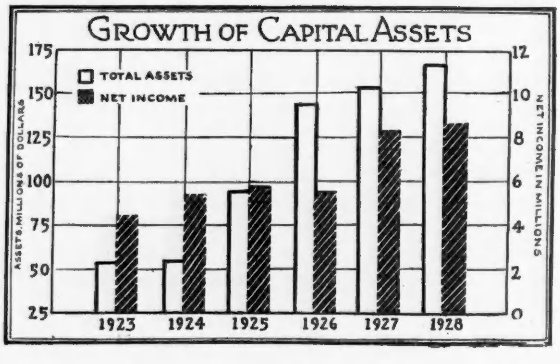
Sound Bond of Leader in Amusement Industry Offers Attractive Yield

By Francis C. Fullerton

THERE is a growing belief among contemporary economists that the American investor will, in the near future, find it increasingly difficult to employ his surplus capital in suitable media affording the same yield, ranging from 5% to 7%, as has been obtainable in the past, without resorting to the more speculative vehicles. To support this contention, several strong economic arguments are advanced, chief among which is the existing plethora of investment funds created by an unprecedented era of prosperity in the United States and the ascension of this country to the enviable position of a creditor nation.

It is also pointed out that European investors received, and were apparently satisfied with, yield of 3% or 4% on prime investments, prior to the World War. Even now there are a number of common stocks representing equities in leading domestic corporations selling to yield less than 3%. Whether or not low yields will become the rule rather than the exception, present conditions and the trend of economic thought serve to emphasize the attractiveness, particularly to those investors who are primarily seeking a fair income return, of a bond issue constituting an obligation of one of the largest industrial enterprises in the country and presently obtainable to yield better than 6%. Such an issue is the Paramount Famous Lasky Corp. sinking fund gold 6's due Dec. 1st, 1947.

The Paramount Famous Lasky Corp. is one of the pioneer companies affiliated with the motion picture industry having been incorporated in 1916, acquiring at that time several independent and well established companies engaged in the production of motion pictures. The company since its organization has experienced continual growth and today occupies a commanding position in the industry with activities embracing three major phases, production, distribution and exhibition. In addition, several export and foreign subsidiaries extend the scope of operations to a world-wide field.



Strong Industrial Position

Through a subsidiary, the Publix Theatres Corp. about 370 theatres, located throughout the United States, are operated and the ownership of 90% of the stock of Balaban & Katz, operating a number of theatres in Chicago and vicinity gives Paramount access to an important territory. The total number of theatres either owned or controlled are reported to number approximately 600. Through various reciprocal agreements with other producers and exhibitors, the company is provided with additional outlets for its film releases and is assured a source of adequate features for its own theatres. Completely equipped studios are maintained in Hollywood, Calif., Astoria and Long Island City, N. Y.

The current vogue for talking pictures and features with sound accompaniment, finds Paramount among the most active companies in the field not only in the production of that type of motion picture but in the development of methods designed to hasten its perfection. While most of the larger theatres in the heavily populated districts are equipped to exhibit sound pictures, and many of the smaller ones are rapidly following their example, necessary equipment is costly and the present demand is considerably in excess of production. Paramount is expected to produce about 65 features in the current year most of which will be the talking variety but their exhibition will not be limited to the theatres with facilities to show them, the company having provided for this contingency by producing both silent and sound versions.

The company's record of earnings has been an eminently satisfactory one. During the past five years average net income has amounted to about $6,700,000 annually and in 1928 amounted to $8,713,063, the largest in the history of the company. Financial position as of December 31st last was excellent with current assets, including cash, call loans and marketable securities totalling

$8,272,827, amounting to $35,312,723 as contrasted with current liabilities of $11,646,905.

The twenty-year 6% sinking fund gold bonds, due Dec. 1st, 1947, were issued as of Dec. 1st, 1927, for the purpose of providing the company with sufficient funds to reimburse its treasury for expenditures entailed in connection with an extensive program of expansion inaugurated in 1925. From Jan. 1st, 1925, the value of the company's investments in land, buildings, equipment, subsidiaries, etc., increased over $81,287,000 and of this amount nearly $52,500,000 was provided by issuance of common stock and subsidiary company financing. The balance and the redemption of all the $7,745,000 8% preferred stock was taken care of by the sale of $16,000,000 of the aforementioned bonds, augmented by the proceeds of 98,263 shares of old common stock offered to shareholders at $98.50 per share.

Substantial Junior Equity

The bonds, while not secured by a mortgage, being a general obligation of the company, are, nevertheless, entitled to a sound rating by virtue of the conservative indenture provisions and the substantial junior equity as represented by the market value of the common stock. The indenture, among other things, binds the company to create no mortgage or other lien upon any portion of its property or other assets not acquired subsequent to the issuance of the bonds without securing these bonds equally and ratably. This provision is also binding to the extent that additional bonds may be issued, assumed or guaranteed only if consolidated tangible assets of the company and its subsidiaries equal one and one-half times the consolidated indebtedness and consolidated earnings applicable to interest for the last preceding fiscal period or the average consolidated earnings for the last three fiscal periods, are equal to twice total interest charges. Further the company covenants to pay no dividends except out of net income arising after July 1st, 1927, and not unless consolidated earnings applicable to interest charges comply with the same provisions as those set up regarding the issuance of additional bonds, notes or guaranteed obligations, as outlined above.

A sinking fund operates to retire $800,000 of the bonds annually at or below 103 and interest, until 1944 and thereafter at the principal amount plus 1% for each year between the redemption date and date of maturity. The bonds are redeemable as a whole on interest date on thirty days' notice be-

(*Please turn to page 255*)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	100	5.5	5.5
Haiti 6s, 1952 (b)	....	...	100	100	6.0	6.0
Argentine 6s, 1959 (a)	....	...	100	99	6.1	6.1
Dominican 5½s, 1942 (a)	....	...	101G	94	5.9	6.4
Chile 6s, 1960 (a)	....	...	100	93	6.5	6.5

Railroads

Atchison, Top. & S. F. Conv. 4s, 1955	267.4	5.51	110	88	4.5	4.8
Illinois Central 4¾s, 1966 (a)	....	1.75	102½GT	98	4.8	4.9
Pennsylvania 5s, 1964	....	3.25	105T	102	4.9	4.9
Central Pacific Guar. 5s, 1960 (a)	....	2.25	105GT	101	4.9	4.9
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	90	5.0	5.2
Western Pacific 1st 5s, 1946 (b)	....	1.25	100	96	5.2	5.3
N. Y., Chic. & St. Louis Ref. 5½s, 1974 (a)	59.6	2.12	107½	106	5.2	5.2
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	97	5.2	5.2
Central of Georgia Ref. 5½s, 1959	31.1	1.56	105AG	103	5.3	5.3
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	103	5.3	5.3
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	1.75	105AG	103	5.4	5.3
Great Northern Gen. A 7s, 1936 (b)	139.8	2.31	....	109	6.4	5.4
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.43	110G	111	5.4	5.4
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	107	5.6	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	2.05	107½AG	109	5.5	5.5
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	114	5.3	5.5
Cuba R. R. 1st 5s, 1952	....	2.78	....	90	5.6	5.8
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	87	4.6	5.9

Public Utilities

Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	102	4.9	4.7
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.92	105T	100	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	105	5.2	5.0
Columbia Gas & Elec. Deb. 5s, 1952	....	5.15	105T	99	5.1	5.1
Montana Power Deb. 5s, 1962 (a)	34.7	2.67	105T	98	5.1	5.1
Utah Power & Light 1st 5s, 1944	....	2.90	105	98	5.1	5.2
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	3.27	107½T	107	5.6	5.2
Hudson & Manhattan 1st Ref. 5s, 1957 (b)	5.9	2.63	105	92	5.4	5.6
Amer. Water Works & Elec. Deb. 6s, 1975 (a)	12.7	1.43	110	103	5.8	5.8
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.31	105	98	6.1	6.1
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	1.68	105T	91	6.0	6.2
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	2.01	105	91	5.5	6.4

Industrials

Gulf Oil Deb. 5s, 1947 (c)	....	4.59	104AT	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978 (a)	....	3.74	105T	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.61	103T	100	5.0	5.0
International Match Deb. 5s, 1947 (a)	....	57.03	103T	97	5.2	5.3
Chile Copper Deb. 5s, 1947 (a)	....	5.69	102T	96	5.2	5.4
Amer. Cyanamid Deb. 5s, 1942	....	9.52	100	96	5.2	5.4
Sinclair Pipe Line 5s, 1942 (a)	....	3.68	103	94	5.3	5.6
Bethlehem Steel Cons. 6s, 1948	101.3	2.64	105	103	5.8	5.7
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	1.70	105A	89	5.6	6.0
B. F. Goodrich 1st 6½s, 1947 (a)	....	2.61	107A	107	6.1	6.0
Loew's Inc., 6s, 1941 (ex-war.) (a)	....	6.70	105AT	98	6.1	6.3

Short Terms

Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.87	105	100½	6.0	5.1
Amer. Cotton Oil 5s, May 1, 1931	....	19.32	105	99	5.1	5.5
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.12	102	100½	6.0	5.7
Central of Georgia Sec. 6s, June 1, 1929	31.0	1.56	101AT	99¾	6.0	6.0
Sloss-Sheffield P. M. 6s, Aug. 1, 1929	1.6	3.75	105	99⅝	6.0	6.0

Convertible Bonds

	Conv. Into					
Inter'l Tel. & Tel. Deb. 4½s, '39	Com.@200	6.02	102½	122¼	3.7	..
Atch., Top. & S. F. Deb. 4½s, '48	Com.@166.6	5.51	102	113½	4.0	3.6
N. Y., N. H. & Hart. 6s, '48	Com.@100	1.69	...	122	4.9	4.3
Inter'l Cem. Corp. Deb. 5s, '48	Com.@99.90	4.61	105	105¼	4.8	4.6
Chesapeake Corp. Col. Tr. 5s, '47	C & O@220	2.45	100	99	5.1	5.1
Amer. Inter'l Corp. Deb. 5½s, '49	Com.@80	2.34	105	104½	5.3	5.1

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

THE UNITED CORPORATION

Real Objectives of Super Holding Company

An Analysis of Present Status and Prospective Development of New Investment Giant

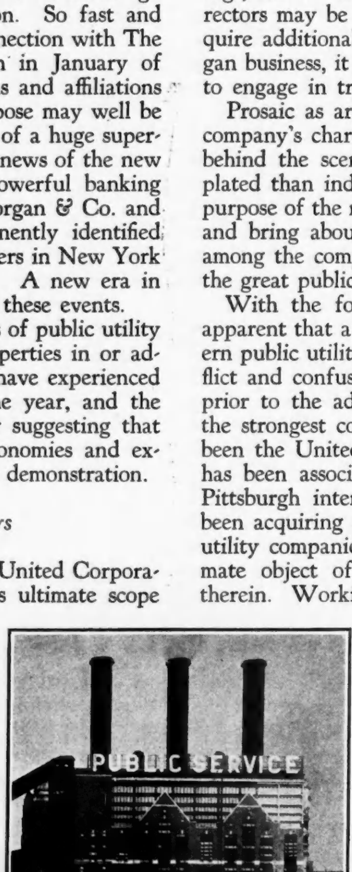
By William Knodel

THE formation of a vast, unified public utility system along the Atlantic seaboard has long been the dream of leaders in the public utility industry and of financiers alike. The accomplishment of such a vast project is still somewhat in the offing, but probably the greatest impetus given so far towards its realization has been through the recently organized United Corporation. So fast and far reaching have moves been made in connection with The United Corporation since its organization in January of this year and so wide are the ramifications and affiliations of the new company that its ultimate purpose may well be conjectured as being to aid in the creation of a huge superpower system in the East. The financial sinews of the new corporation are provided by the most powerful banking interests of the country, namely, J. P. Morgan & Co. and Bonbright & Co., the latter long prominently identified with utility financing, both with headquarters in New York City, and Drexel & Co., of Philadelphia. A new era in public utility development is promised by these events.

In response to these developments, prices of public utility shares, particularly those representing properties in or adjacent to the Atlantic seaboard territory, have experienced sharp advances since the beginning of the year, and the buying has seemingly been of a character suggesting that something more than merely earnings, economies and expansion of facilities has been back of this demonstration.

Company Has Broad Powers

The whole situation with respect to the United Corporation is surrounded by conjecture as to its ultimate scope and possibilities. The company was incorporated under Delaware laws on January 7th of this year and the charter is of the customary type giving it the usual broad powers ordinarily possessed by investment corporations. The principal purposes of the company as stated in the charter are to acquire and hold the securities of electric power and light and gas companies, either operating or holding companies. It is not limited to investments in strictly public utility enterprises, but rather is free to acquire, hold and sell the securities of other companies engaged in managing or supervising the management of utilities, in companies doing a general construction, engineering or contracting business with public utility or other concerns.



While possessing the right to dispose of any such holdings, at such time as in the opinion of its officers and directors may be deemed advisable, and also the right to acquire additional securities beyond those with which it began business, it is not the present intention of the company to engage in trading in securities as a business.

Prosaic as are the aims and purposes as outlined in the company's charter, it is the generally accepted theory that behind the scenes a more auspicious program is contemplated than indicated therein. It is believed that the real purpose of the new corporation will be to promote mergers, and bring about a closer community of interest generally among the companies in which it is interested, and among the great public utility systems of the East.

With the formation of the United Corporation, it is apparent that a far reaching shift has occurred in the Eastern public utility situation. A considerable amount of conflict and confusion was present in this important territory prior to the advent of the United Corporation. One of the strongest contenders in the Eastern utility picture has been the United Gas Improvement Company, with which has been associated the Koppers Company and powerful Pittsburgh interests. This company for many years had been acquiring controlling and minority interests in public utility companies operating in this territory with the ultimate object of securing for itself a dominant position therein. Working control of United Gas Improvement Co. is now virtually in the possession of the recently organized United Corporation, an event which marks the withdrawal of the Pittsburgh interests and the entry of the powerful banking interests already indicated.

Better Relations Will Be Fostered

During the last several years, competition was severe for supremacy in the Eastern public utility field, to a degree where the relationship between the two chief factors, the United Gas Improve-

ment and the Electric Bond & Share interests became strained. The differences between these two groups arose out of a market coup intended to gain control of the Lehigh Power Securities Corporation, supervised by the Electric Bond & Share system, about a year ago, attributed to the United Gas Improvement Company. When it became apparent that stock in the Lehigh company was being accumulated, the National Power & Light Company, one of the Electric Bond & Share affiliates, offered a share for share exchange of its stock for that of the Lehigh company, thereby gaining complete control.

The Lehigh Power Securities Corporation controls utility properties operating in Eastern Pennsylvania in the industrial section and because of the proximity of these properties to the United Gas Improvement's subsidiary and affiliated companies, their inclusion in the Electric Bond & Share group became a bone of contention.

In financial circles, the formation of the United Corporation is taken to mark definitely the end of the divergences of these two systems. The "captain of the ship" has taken a hand to guide the destiny of the new corporation and incidentally will play an important part in shaping the future of Eastern utility mergers.

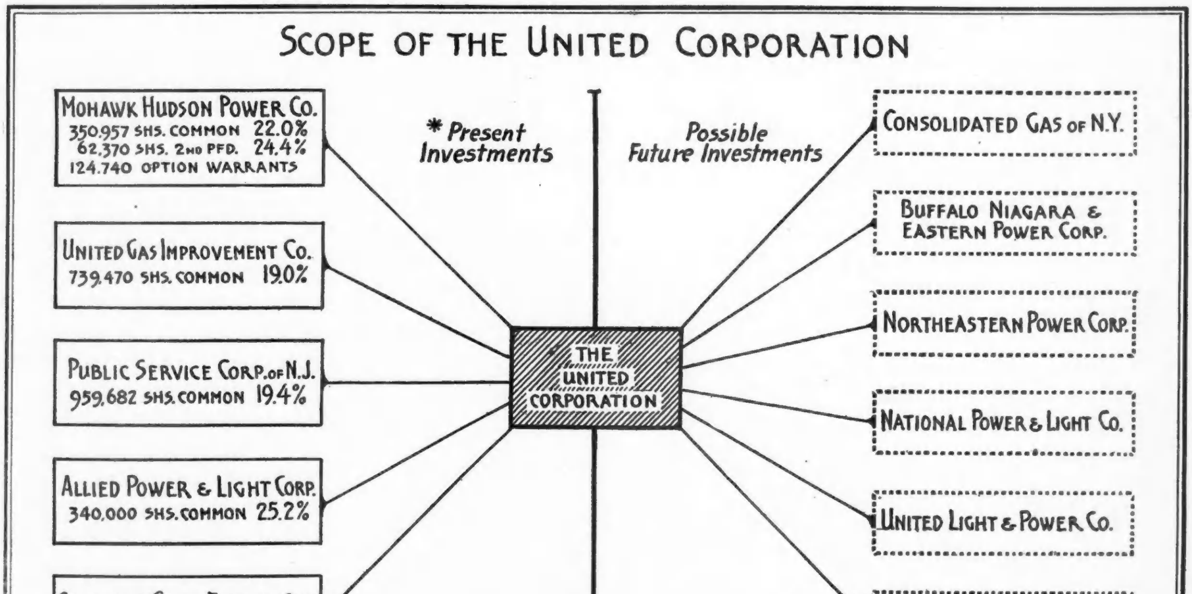
Aside from the financial phase of the new set-up, United Corporation represents a medium for cooperative effort by the outstanding leaders and organizations in the public utility industry. The operating managements brought together through the banking affiliations include in addition to the United Gas Improvement, also the Electric Bond & Share Company, which maintains a huge engineering and managerial staff rendering services to the largest group of utility properties in the country, the Allied Power & Light Corp., which includes the former Hodenpyl Hardy interests and the Stevens & Woods interests, and finally the United Light & Power Company.

With a community of interests thus established, both banking and management, future developments in the Eastern utility situation may be expected to be more rapid and smoother than in the past. The United Corporation, because of its tremendous interests will use its powers as a mediator of differences which may arise in the utility field. This is evidenced in the dispute recently between the United Gas Improvement Corporation and the Associated Gas & Electric Co. over the control of the General Gas & Electric properties. For a time long court litigation was threatened, but United Corporation acted as mediator, and the matter was settled out of court to the satisfaction of both parties.

Large Scale Mergers Probable

As conceived at present, the United Corporation is not intended to be other than an investment corporation from the financial standpoint. It will not be actually engaged in the utility business, and therefore will not manage the companies in which it is at present or in the future will become interested. In other words, United Corporation will serve as a vehicle for carrying out fusions and mergers of operating utility properties. The general plan in the unification scheme, it is understood, will be to shape the growth of public utilities along state lines, so that operations of an individual company will be restricted to a relationship with the Public Service Commission of its state alone. In this manner, the eventual union of major utility properties in northern New York State will be facilitated probably through the creation of a new corporation, and the same holds true of the public utility situations in New Jersey and Pennsylvania, where unification of utility operating companies has progressed further than in New York.

The creation of the superpower system visualized by the leading electrical engineers for several years will not entail the merger of companies in the different states under this plan, but will permit the electric energy which will become available upon harnessing of the St. Lawrence River, added to the power from Niagara Falls and from the many streams of Northern New York, to flow south over high-power transmission lines to a point where physical connection with the lines coming north from the Conowingo and other Susquehanna sites will be made. With other lines stretching East and West, the industrial and farming regions of the entire East will be able to make use of abundant power at rates which will fall in inverse ratio to the



economies to be derived from the state wide mergers of operating companies.

Huge Investments in Utility Systems

As at present constituted, the United Corporation has made arrangements only for the acquisition of certain minority interests in five of the leading utility organizations in the East, but nevertheless sufficient to give it working control in the case of the United Gas Improvement Co., the Public Service Corporation of New Jersey and the Mohawk Hudson Power Co. The New York Stock Exchange listing statement of April 23rd of this year, revealed that the United Corporation owned a total of 525,470 shares of United Gas Improvement Co., and has acquired since that time 214,000 additional shares through an exchange offering for preferred and common stock of United Corporation, making an aggregate of 739,470 shares out of a total of 3,944,459 shares outstanding of United Gas Improvement or nearly 19%.

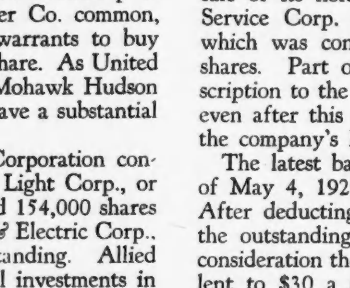
The United Corporation also reports direct ownership of 959,682 shares of Public Service Corporation of New Jersey or 19.3% of the total of 4,950,189 shares outstanding at the end of last year, but through the United Gas Improvement Co. controls an additional 1,582,958 shares which the latter company showed on its balance sheet on December 31st of last year, so that together the United Corporation and the United Gas Improvement Co. have a somewhat more than a 50% interest in Public Service Corporation of New Jersey.

The United Corporation also reports the ownership of 350,957 shares of Mohawk Hudson Power Co. common, 62,370 shares of second preferred, and warrants to buy 124,740 shares of common stock at $50 a share. As United Gas Improvement had 458,876 shares of Mohawk Hudson at the end of last year, the two together have a substantial majority of Mohawk Hudson common.

The other investments of the United Corporation consist of 340,000 shares of Allied Power & Light Corp., or 25% of the common stock outstanding, and 154,000 shares of the common stock of the Columbia Gas & Electric Corp., which represents 1.7% of the total outstanding. Allied Power & Light Corporation has substantial investments in the stocks of Commonwealth Power Corp., Penn-Ohio Edison and Northern Ohio Power Co. Miscellaneous investments are carried at a cost price of $11,319,007, representing about 5% of the total cost of United Corporation's investments.

Large Unrealized Market Profits

At the present market prices for the securities held in its portfolio, United Corporation shows a large paper profit. For instance, the original block of 525,470 shares of United Gas Improvement common stock is carried on United's books at $168.16 a share, but as this is written the stock is quoted at $198 a share, representing a profit of approximately $15,750,000. The shares of Public Service Corporation of New Jersey are carried at $79.24 against a current price of 89, meaning a paper profit of slightly less than $10,000,000. The Allied Power & Light common stock has a market price of 54, comparing with the cost price of $40.50, or a profit of more than $4,500,000 on these holdings. Mohawk Hudson Power common was acquired at approximately $41 a share, while Columbia Gas & Electric stock cost about $55 per share, so that the profits amount to about $8,750,000 and $2,500,000 respectively on these holdings. The grand total of these profits, therefore, is $43,500,000 but in view of the constantly changing prices of these stocks, this amount varies considerably from time to time.



Flexible Capitalization Scheme

Capitalization of the United Corporation consists of 10,000,000 shares of no par common stock, of which 5,665,910 shares are outstanding. Of the authorized common stock, 4,000,000 are held in reserve against the exercise of option warrants, of which 3,994,757 have been issued, entitling holders to subscribe at any time to an equal number of shares of common stock at $27.50. The company also has 1,756,335 shares of $3 preference stock outstanding of an authorized issue of 2,000,000 shares, and 1,000,000 shares of no par first preferred stock, of which none has been issued yet.

In future financing, this first preferred will probably be issued. At the discretion of the directors it may be made convertible; they may also stipulate the dividend rate, the amount to be issued at any one time and the callable price (not less than $100 nor more than $115 per share). The first preferred stock is cumulative and ranks ahead of the $3 preference stock. Upon exercise of the option warrants for common stock, the corporation would receive close to $110,000,000 of new capital and would not have to resort to new financing for some time.

The largest single holder of United Corporation securities is the American Superpower Corp., resulting from the sale of its holdings of United Gas Improvement, Public Service Corp. and Mohawk Hudson Power to United, which was consummated on a basis of an exchange of shares. Part of these shares have been offered for subscription to the stockholders of American Superpower, but even after this sale United Corporation stock will remain the company's largest investment.

The latest balance sheet of the United Corporation, as of May 4, 1929, shows total net assets of $258,350,465. After deducting the liquidating value of $50 a share on the outstanding $3 preference stock, and leaving out of consideration the option warrants, the net assets are equivalent to $30 a share on the common stock. Liquidating value, because of the rise in prices of the securities held in the portfolio, is somewhat higher than this, and using May 18th prices was equal to approximately $37.40 per share on the common stock.

Earnings of the United Corporation will be derived chiefly from dividends paid on the stocks held by it. For the period January 7 to April 23, 1929, total earnings amounted to $2,163,281, of which $1,010,046 represented dividends received and the remainder was profit on securities sold and underwriting commissions. Net income after all expenses and taxes for the period amounted to $1,996,796 of which there was distributed as dividends on the $3 cumulative preference stock a total of $754,751, leaving a balance of $1,242,045 as actual earnings applicable to the common shares. This, of course, does not take into consideration unrealized profits in the form of market appreciation of securities held.

The estimated annual dividends receivable on the basis of current dividends on the stocks now held amount to $6,596,258, and the balance after the full year's requirements of $5,269,005 as preference dividends is $1,327,253, equivalent to slightly more than 23 cents earned on the present number of common shares outstanding. These esti-

(Please turn to page 272)

Opportunities Among the Dividend Payers in Major Industries

At this time when prudent investors are applying the most exacting tests to securities the strong stocks in basic industries make unusual appeal. Extensive studies of many issues which might come in this category have resulted in a selection of six which we believe are in the most favorable position.

American Tobacco Co.

In 1928, for the fifth consecutive year, American Tobacco Co. established a new high record for net earnings, and by a wider margin than in any of the four previous years. The gain in net amounted to $1,750,000, equivalent to nearly one dollar per share available for the combined common and common "B" stock, increasing the margin of earnings over dividends to more than three dollars per share. In view of the strong position of the company and its surplus of over $45,000,000 it would not be surprising if disbursements were increased in the near future through another stock split-up reducing the par value of the shares from $50 to $25 and by putting the new stock on a $5 annual dividend basis, equivalent to $10 on the present stock, against the current $8 rate.

American Tobacco's Five-Year Record

Year	Net Earnings	Net per Share	Surplus
1924	$20,779,570	$9.02	$28,266,081
1925	22,232,012	9.77	31,233,096
1926	22,495,358	9.90	34,948,276
1927	23,259,170	10.29	39,421,241
1928	25,016,797	11.19	45,650,521

This great prosperity of the company is due chiefly to the rapidly increasing sales of "Lucky Strike" cigarettes. Gross sales have not been definitely announced in recent years but it is known that American Tobacco Company produced fully one-third of a total just short of 106,000,000,000 cigarettes manufactured in the United States during 1928 and that the increase in sales of the well known "Luckies" was greater than the gain shown by all other brands combined. These gains are said to be continuing during the current year and there is every reason to believe that new records will easily be established during 1929.

Reductions in manufacturers' selling prices of cigarettes put into effect over a year ago were viewed with some apprehension by holders of tobacco stocks but the resulting narrower profit margins have been fully offset by larger sales, economies in methods of manufacture and distribution, and by savings from less costly but more effective advertising.

Funded debt is only $1,111,350 followed by $52,699,700 6% cumulative preferred stock. Common amounts to $40,242,400 and common "B" to $57,403,450, both stocks having a par value of $50 per share and being identical in every respect save that the "B" stock is non-voting. Current assets as of December 31st, last, were almost $120,000,000 against current liabilities of less than $10,500,000, with net working capital over $109,000,000. These figures placed the company easily in the front rank among the nation's strongest industrial corporations.

During 1928 the "B" stock, more active in the market, sold from 152 to 184⅜, and during 1929 to date the price range has been between 160¼ and 188. Current quotations are around 169 to yield 4.7%.

Despite the fact that some further reaction from the present price might take place during a prolonged period of general market weakness the strong position and excellent prospects of the company make this stock, at current levels, definitely attractive for investment purposes.

General Motors Corp.

The widely diversified activities of General Motors, probably the nation's most extensively advertised and most spectacular corporation, are too well known to require description in a short sketch here. To a complete line of motor cars and trucks supplemented by Frigidaire, the largest selling electrical refrigerator, and Delco Light Co., there have recently been added the Opel works, largest automotive manufacturer in Germany, a substantial interest in Bendix Aviation Corporation and virtual control of Fokker Aircraft Corporation, one of the leading airplane manufacturers of the world.

General Motors' Record

(All figures in millions of dollars)

Years	Net Sales	Net Available for Common Stock	Cash Dividends Paid (Common)	Balance Retained in the Business
1923	$698	$65	$24.7	$40.3
1924	568	44	25.0	19.3
1925	735	108	61.9	46.4
1926	1,058	179	103.9	74.6
1927	1,270	226	134.8	91.1
1928	1,460	267	165.3	101.7

For years the records of tremendous earnings, liberal dividends, frequent stock split-ups and rapid price advances have featured the financial news—but prospective investors

are not now so much interested in the history of past achievements as in the outlook for the future and the effects of possible motor car overproduction and increasingly keen competition among powerful manufacturers.

Thus far during 1929 the record of General Motors has been entirely satisfactory and, all things considered, the prospects for the future are excellent. Net income for the quarter ended March 31st, last, not including equities in undivided profits of subsidiaries, amounted to $59,807,011, or $1.37 per share for the common stock, as against $67,207,384 earned during the same period in 1928, equivalent to $1.54 per share calculated upon a comparable basis. The decline is not surprising when it is remembered that the heavy costs of extensive changes in car models have been written off together with most of the cost of development in connection with the two new lines, Viking and Marquette. Net sales for the first quarter at $385,129,900 showed an increase of more than $26,000,000 over the corresponding figure of $358,967,794 shown a year before. Sales during April set a new high record and those for May are expected to be still greater.

Capitalization includes a total of $134,916,000 in preferred and debenture stocks, divided among three issues, and $435,000,000 common, or 43,500,000 shares of $10 par value. Current assets on March 31, 1929, including cash and marketable securities of $181,963,199, were $494,565,941 and current liabilities were $183,676,984, leaving net working capital of $310,888,597.

During 1928 the automotive output of General Motors represented about 40% of the total for the United States and Canada, while the recent foreign acquisitions may be taken to indicate a determination to become a dominant factor the world over. Although competition is becoming increasingly keen, particularly in the lowest price range, the big corporation has demonstrated its ability to meet any and all competitors, and to show comparatively satisfactory profits even in years of only moderately favorable results for the industry as a whole. Exports in 1928 totaled 282,866 units, and are expected to show a sharp increase during 1929.

While earnings for the first half year appear likely to fall a little below those of the corresponding period a year ago when $3.60 per share was available for the common stock the total for the year should equal the $6.14 shown in 1928, and many estimates run as high as $7.50 per share for the year, based on the rapidly growing business of Frigidaire and the large sales anticipated when all cars, including the two new lines, are in quantity production. In time the company will without doubt become one of the most important factors in the growing aircraft business.

Selling around 74 the stock offers a yield of 4.1% based on the regular $3.00 dividend alone and disregarding extras, although one such disbursement of 30 cents per share has already been declared this year and more are likely to follow if profits are sustained. *Stock purchased at current prices should yield a satisfactory income with probabilities for at least a moderate price appreciation over a period disregarding intermediate fluctuations.*

Drug, Inc.

IN its field Drug, Inc., occupies a position analogous to that of F. W. Woolworth and the Great Atlantic & Pacific Tea Co., the two largest chain store systems in the country. The company was formed early in 1928 as a merger of the United Drug Co. and the Sterling Products Co. and is in effect a holding company, subsidiaries of which operate an extensive chain of retail drug stores and engage in the manufacture of medicinal preparations and drug specialties. Although in existence only slightly over a year, progress has been very satisfactory and the management has displayed unusual facility in surmounting the problems of consolidation and completing the integration of activities. Earning power, in the first year of operations, registered a substantial gain, several important acquisitions were made and numerous economies both in manufacture and distribution were undoubtedly effected.

Total retail units presently in operation are reported to be about 535 in addition to which there are about 10,000 Rexall agents throughout this country and Canada. Another subsidiary, Boots Pure Drug Co. operates some 900 stores in England. Control of Life Savers, Inc., engaged in the production of well known and popular priced confections, is vested with Drug, Inc.

Drug, Inc.
December 31, 1928

Funded Debt	None
Subsidiary Funded Debt	$45,910,193
Capital Stock (no par)	2,380,511 shs
Working Capital	$36,147,000
Ratio Current Assets to Current Liabilities	4.5 to 1
Book Value Less Intangibles	$22.[illegible]
Earnings per Share (11 mos. to Dec. 31, 1928)	$5.50
Dividends	$4.00
1928 Price Range	130⅛—80
1929 Price Range	126⅛—106⅞

Funded debt is represented entirely by subsidiary company bonds totaling $45,910,193 consisting principally of 40 million 5% bonds of the United Drug Co., the issuance of which permitted the retirement of a higher coupon issue and $32,567,150 7% preferred stock of the United Drug, resulting in a substantial saving. Capitalization of the parent company is simple, consisting solely of 2,380,511 shares of capital stock having no par value. Financial position at the close of 1928 was wholly satisfactory, the balance sheet revealing cash and Government securities well in excess of current liabilities and working capital of more than 35 million dollars.

The only available report of consolidated earnings covers the eleven months to Dec. 31, 1928, for which period net income was equivalent to $5.50 per share on the outstanding stock or at the annual rate of about $6 per share. On the basis of earnings reported by component companies for 1927 and prior to the merger net income would have been equal to $4.90 on the present capitalization after allowing for dividends on the preferred stock then outstanding.

At the present time the annual dividend is $4 per share, on which basis the shares are not outstandingly attractive for income at current quotations around 108. Neither do they appear undervalued in relation to present earnings but, on the other hand, larger earnings and further expansion are clearly in prospect and the company's strong financial position would readily support an increased dividend. *Thus, the shares have intrinsic qualities readily recognizable to the conservative investor satisfied with long pull but, well defined possibilities for price appreciation.*

Continental Can Co.

DURING the past year or more there have been innumerable mergers and consolidations and many prominent industrial concerns have undertaken extensive expansion programs, the results of which have been manifested in a realignment of trade positions, fewer but stronger companies and important benefits to consumers and stockholders alike. Specifically, the Continental Can

Co. affords an excellent example of these developments and may be credited with one of the most successful campaigns of aggressive expansion.

The fact that Continental Can today operates over thirty plants, strategically located throughout the country, in contrast with eight plants in five cities in 1913, is indicative of the forward strides which have been made in recent years. During 1928 alone, seven can manufacturing companies and one manufacturer of can-making and closing machinery were acquired. A new and modern factory in Chicago will be placed in operation in the near future and Pacific Coast facilities will be further rounded out by the erection of an up-to-date factory at Los Angeles. In carrying out the company's expansion plans, the management has given much attention to the location of new and acquired plants seeking always to reduce costs for freight and raw materials, with a view to effecting a greater degree of stability in earnings when conditions are less favorable. Output is being gradually diversified and while operations are still largely dependent upon the vegetable pack of three principal products—tomatoes, peas and corn—30% of total production consists of cans for purposes other than packing.

Continental Can Earning and Dividend Record

Years	Number Common Shares	Earned per Share	Dividends
1924	450,050	$8.11	4.00
1925	476,552	10.81	4.00
1926	500,000	6.72	8.00
1927	540,000	7.55	5.00
1928	1,459,000	4.35	5.00

In November of last year a stock dividend of 100% was paid which together the additional common stock issued to acquire new properties brought the total number of outstanding shares up to 1,459,991 as of Dec. 31, 1928. Earnings established a new high record last year, net income being 50% greater than in 1927 and as applied to the present common was equal to $4.35 per share, after preferred dividends. For all practical purposes, financial position may be regarded as impregnable, cash alone being sufficient to meet current liabilities, and working capital will be further increased by the recent sale of about 153,000 additional shares of common stock.

The current year promises to be a profitable one for the canning industry if the present outlook is not altered by unforeseen developments and with the economies of consolidation likely to be more fully reflected in operations earnings may reach $6 per share for the common stock. The present dividend of $2.50 may be augmented by an extra payment, in fact an increase to at least $3 later in the year seems well within the realm of possibilities. *Purchased with a view to holding for a reasonable period of time, the common stock should prove an increasingly sound investment with a corresponding gain in value.*

International Cement Corporation

THE distinction of being able to show progress in the face of generally unsatisfactory conditions in the industry is possessed by the International Cement Corporation. Not only has the company built up a very satisfactory earning power during a period of intense competition which has wrought havoc with many of the competitors, but in addition, various developments of a constructive nature are under way tending very definitely to augment this earning power.

Probably the most important among the pending developments from the company's standpoint is the likelihood that Congress will impose a duty on imported cement, the present tentative schedule calling for 8 cents per hundred pounds. Such action will again allow the more efficient of the American cement plants in the territory contiguous to the Atlantic and Gulf seaboards to operate on a profitable basis. Foreign cement, particularly the output of Belgian mills, produced at a wage scale about one-fifth of that prevailing in the United States, is at present being sold at a price that precludes much profit to the American producer.

The intense competitive conditions along the Atlantic seaboard affect International Cement only in part as the able management of this company has had the foresight to acquire plants over a wide area in the United States, serving the entire country east of the Rocky Mountains as well as establishing mills in Cuba and in South America. It is probable that a fair part of International's prosperity in the past few years has been due to its operations in the foreign field. The strong position of the company in Cuba, Uruguay and Argentina is due to the protection afforded by the high tariff in these countries protecting the domestic producer. The demand for the output here is steadily increasing, making necessary additional capacity for which plans are now being prepared.

The company's specialty product is a perfected high early-strength cement, producing permanent concrete available for use in 24 hours, which is marketed under the trade name of "Incor," and on which patents were granted in the last year in the United States and all the principal foreign countries. This product is successfully supplying a need in the construction field and has met such demand that the company is unable to meet all orders. Additional capacity will be built to take care of the extraordinary demand, and should be available during the latter part of the year.

Record of Expanding Business

	Capacity Barrels	Sales
1924	7,000,000	$13,683,503
1925	12,000,000	17,713,900
1926	14,700,000	21,623,582
1927	16,200,000	23,671,138
1928	20,000,000	27,595,096

Earnings during the past several years have been noteworthy, everything considered; gross sales and net earnings have shown constant growth as indicated by the accompanying table. The first quarter of the current year has witnessed a continuation of this trend, with gross sales standing at $7,491,036, comparing with $6,719,938 for the corresponding quarter last year, and net earnings after expenses and depreciation at $1,413,846 and $1,299,082 respectively. This is equivalent to $1.64 earned on 618,924 no-par shares of common stock this year against $1.60 earned on 562,500 common shares last year. The capitalization of the company is moderate, consisting of $18,000,000 of 5% debentures convertible into common. *Currently selling for 86, which is about eleven times the earning of $7.90 indicated on the stock last year, the common appears conservatively priced, particularly if the company realizes on some of the forthcoming possibilities.*

Chesapeake & Ohio Railway Co.

The recent O'Fallon decision which may be construed as favorable to the railroads has revived interest in the possibilities of sound common stock issues of these companies. The Transportation Act of 1920 requires that one-half of the earnings derived from railroad operations, of each railroad company, over 6% on a fair value for its railroad property, shall be paid to the Government to be used by the Interstate Commerce Commission in the interest of all the railroads of the country as a whole. The bone of contention has been the interpretation of the term "fair value." The higher valuations claimed by the railroads on the basis of the cost of reproduction is favored in the Supreme Court decision which mentions that this must be considered in arriving at a fair value.

Earning Position of C. & O.

	Gross Revenues	Net Railway Operating Income	Net per Common Share
1924	$108,033,448	$21,892,920	$16.95
1925	123,184,103	30,018,072	21.32
1926	133,974,031	37,011,025	24.75
1927	133,042,174	36,320,830	24.19
1928	124,825,172	36,323,594	24.30

In the case of Chesapeake & Ohio Railway Co. this is important because on the basis of the Interstate Commerce Commission valuation a considerable part of the earnings in the last few years would be subject to recapture, but with a higher valuation which will unquestionably be arrived at on the new basis, Chesapeake will be allowed to retain a considerably greater amount than would formerly be the case. For instance, the per share earnings free from government participation on the Interstate Commerce Commission valuation is $11.31, whereas actual earnings in 1928 amounted to $24.30 per share. If one-half of the excess earnings from railway operations are to go to the Government, these per share earnings would be reduced to about $18.25. On the basis of the company's valuation which in the 1927 report was placed at $650,115,531 comparing with the Interstate Commerce Commission figure of $346,600,000, none of the earnings would pass to the Government.

The year 1926 was a record year both with respect to gross and net

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Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	85	4.7
Union Pacific	4 (N)	41.17	39.85	NR	No	83	4.8
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21	No	101	4.9
Pere Marquette Prior	5 (C)	68.77	64.06	75.60	100	99	5.1
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	79	5.1
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	78	5.1
Southern Railway	5 (N)	39.33	36.17	32.11	100	96	5.2
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	92	5.4
Wabash "A"	5 (N)	11.86	6.87	9.24	110	93	5.4
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	107	5.6
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	71	5.6
N. Y., New Haven & Hart	7 (C)	....	22.05	34.40	115	119	5.9
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	65	6.2
**St. Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	95	6.3
Missouri, Kans. & Tex	7 (C)	....	13.06	16.34	110	106	6.6

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	149	5.4
Columbia Gas & Electric	6 (C)	27.81	25.42	30.78	110	107	5.6
Philadelphia Co.	3 (C)	24.20	28.28	16.55	No	51	5.9
Amer. Water Works & El	6 (C)	22.63	24.30	31.05	110	101	5.9
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	68	5.9
Federal Light & Traction	6 (C)	41.51	39.67	49.93	110	100	6.0
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	107	6.5
Hudson & Man. R. R. Conv.	5 (N)	40.32	40.70	37.02	No	75	6.7
Continental Gas & Elec. Prior	7 (C)	26.28	32.71	22.39	110	104	6.7
Postal Tel. & Cable	7 (N)	....	....	7.19	110	102	6.9
Amer. & Foreign Pow. 2nd	7 (C)	8.89	3.58	5.33	105	92	7.6

Industrials

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Case (J. I.) Thresh. Mach	7 (C)	29 39	38.43	32.59	No	125	5.6
Deere & Co.	7 (C)	23.22	25.74	29.52	No	123	5.7
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	123	5.7
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	121	5.8
General Cigar	7 (C)	51.26	67.32	62.81	No	120	5.8
American Locomotive	7 (C)	20.88	16.60	10.83	No	118	5.9
Bethlehem Steel Corp	7 (C)	20.84	16.32	19.16	No	118	5.9
Brown Shoe	7 (7)	29.69	44.12	35.27	120	118	5.9
International Silver	7 (C)	24.39	30.82	27.48	No	115	6.1
Bucyrus-Erie	7 (C)	....	....	39.34	120	114	6.1
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	114	6.1
Goodrich (B. F.) Co	7 (C)	13.96	39.19	10.36	125	113	6.2
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	95	6.3
Crucible Steel	7 (C)	26.19	22.47	22.54	No	110	6.4
American Sugar	7 (C)	14.08	7.97	14.60	No	109	6.4
Cities Service "BB"	6 (C)	21.13	25.92	NR	106	92	6.5
U. S. Smelting, Ref. Mng	3.5 (C)	6.25	6.28	8.43	No	54	6.5
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	106	6.6
General Cable Co	7 (C)	27.69	25.72	25.92	110	106	6.6
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	103	6.8
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	103	6.8
Tidewater Assoc. Oil conv	6 (C)	13.35	7.35	19.49	105	88	6.8
Commercial Investm. Trust 1st	6½ (C)	27.72	24.36	45.50	110	94	6.9
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	100	7.0
Consolidated Cigar Prior	6½ (C)	....	26.45	32.74	105	93	7.0
Loew's, Inc.	6½ (C)	....	....	57.12	105	92	7.1
International Paper	7 (C)	11.31	7.42	4.53	115	86	8.1

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. NR—Not yet reported.

UNCOVERING OPPORTUNITIES *in* WARRANTS

Their Functions Explained— A Few Attractive Examples

THE warrant is a hybrid security. It is neither stock nor bond, although it may be born of either. Warrants originated in the desire of borrowing corporations to stimulate the public absorption of new security offerings by adding a speculative feature which, being either immediately valuable or likely to become so, would encourage investors to buy the main issue. The added inducement offered by such a feature also frequently facilitates borrowing on more favorable terms to the issuing company than might otherwise be attainable.

In effect, a warrant is a bonus giving the holder thereof the right or privilege of purchasing other securities of the issuing company under terms and conditions set forth in the warrant certificate. Sometimes, such warrants are non-detachable and the privilege or right they give can be exercised only by the holder of the stock or bond to which they are originally issued.

Very frequently, however, warrants are detachable. In this case, the issuing corporation quite often fixes a certain date prior to which the holder may not dispose of his warrants without also surrendering the bond or stock to which it was originally attached.

"SINCE warrants usually sell at much lower prices than the securities upon which they afford a claim, the buyer may control more stock or a greater amount of bonds for the same investment than he could by direct purchase. It is this feature that not infrequently justifies the purchase of warrants."

So soon as a detachable warrant may be treated independently of its parent security and the privilege evinced by it assumes a definite value in the eyes of investors, such a warrant will find a market of its own. It may then be dealt in in the same manner as a stock.

From the investor's viewpoint, the desirability of warrants lies largely in their speculative possibilities. They seldom bear interest or afford an income return. The holder of a warrant has no claim upon the issuing company's equities except indirectly. To realize either income or to secure an equity interest, the warrant holder must first exercise the right given him by his warrant and exchange it, under the terms stipulated therein, for the security on which it is a call.

Since warrants usually sell at much lower prices than the securities upon which they afford a claim, the buyer may control more stock or a greater amount of bonds, for the same investment than he could by direct purchase. It is this feature that not infrequently justifies the purchase of warrants, although shrewd market operators may also find warrants a convenient medium for arbitraging or hedging operations.

The number of warrants is legion. Many securities carry warrants in which there is, at present, no independent market simply because the rights they afford have yet to become valuable. Research in this field, accordingly, holds much of interest for the investor. In the following sketches, a few of the better known warrants, having fairly well established markets, are briefly analyzed.

MOHAWK HUDSON POWER CORP.
Option Warrants

This is essentially a holding company, organized in May, 1925, to acquire the stocks of several public utility companies operating in northern New York. As of December 31, 1928, the company's aggregate investment in such concerns was valued at 82.29 million dollars, represented by a controlling interest in the Eastern New York Utilities Corp.; New York Power & Light Corp.; Schodack Light & Power Co.; Seneca River Power Co.; Syracuse Lighting Co., Inc.; and Utica Gas & Electric Co. and stock investments in Northeastern Power; Buffalo, Niagara & Eastern Power & Electric Securities and of these, the New York Power & Light was formed in 1927 to consolidate the Adirondack Power & Light Corp.; Cohoes Power & Light Corp.; Fulton Country Gas & Electric Co.; The Municipal Gas Co. of Albany and the Troy Gas Co. with the electric and gas properties of Eastern New York Utilities.

Considered independently of its affiliation, Mohawk Hudson could be regarded favorably as a utility holding corporation with substantial long term possibilities. The controlled properties serve important industrial and rural districts which may be expected to yield a steady expanding revenue to the parent organization.

Thus far, Mohawk's per share income has not attained great enough proportions to justify great dividend expectations for the common shares. Net last year amounted to \$1.90 for each of the 1,592,639 shares of no par common stock against 97 cents the year before. However, the company's close affiliation with United Gas Improvement, which held 27% of the junior issue at the close of 1927, naturally links Mohawk Hudson with the other units of that system and suggests that its properties will eventually figure prominently in the developments that may come out of the recent formation of the United Corporation.

At the time of its formation, in addition to the common shares above referred to, Mohawk Hudson issued a \$7 cumulative preferred stock, of which 400,000 shares are now outstanding and a **\$7** cumulative second pre-

ferred stock now outstanding in the amount of 250,000 shares. These preferred issues and the common constitute the entire capitalization.

The second preferred stock carried detachable option warrants in which an independent market now exists on the New York Curb. Each of these warrants entitles the holder to purchase two shares of common stock at $50, payable either in cash, or in an equivalent amount of second preferred, acceptable at $100 a share.

Inasmuch as no dividends are being paid on the common, purchase of the warrants rather than the common stock, entails no sacrifice of income return at present, in any event. On the basis of current prices of 60 for the common stock and 29 for the warrants, the latter are selling somewhat above parity, that is, the holder of each warrant at 29, by paying $100 cash, may obtain two shares of common stock, costing him, a total of $129, the market value of the latter now being $120. The market for the warrants is evidently taking cognizance of their attractive long possibilities but, despite this price disparity, the warrants are not without speculative appeal to the patient holder and, in view of their lower cost, afford a desirable means for speculating in probable future developments affecting the company.

GENERAL CABLE CORP. General Cable is the successor to Safety Cable Company which assumed the present corporate title late in 1927, following acquisition of the Rome Wire Co., Standard Underground Cable and Dudlo Mfg. Operations comprise the manufacture of all kinds of copper wire and cables, brass and bronze wires, tubing, copper rods and sheets and an extensive line of related products. Although a consolidated statement of sales and income of the constituent companies reveals some irregularity of earning capacity in previous years, the average showing was good. Since consolidation, General Cable has been under the necessity of coordinating the operations of its plants and selling activities. Net income last year was probably affected to some extent by the recency of the merger, although a balance of $2.96 a share was earned for the common stock. In the first quarter of the current year, the company reported net income equivalent to 76 cents a share for this issue against 27 cents in the corresponding period of 1928, indicating an encouraging measure of improvement.

Catering largely to the demands of the public utility industry, the company is engaged in a business that, under ordinary conditions, may be expected to exhibit a fair average degree of stability and normal secular growth. Its securities, accordingly, would appear to have a substantial order of merit. Sufficient earning power has not yet been developed by the consolidated organization to suggest early inauguration of common dividends. The Class A shares, however, which precede the latter and are themselves preceded by 15 million dollars of 7% preferred stock, are receiving dividends at the rate of $4 per annum, which payment seems well secured.

Class A is convertible into common stock at the rate of two shares of the latter for one of the former, a conversion privilege which may conceivably become valuable in the future. General Cable warrants, would thus seem to afford an attractive means for speculating in the longer term possibilities of the Class A stock as well as the common. These warrants, originally attached to the 7% preferred stock, entitle the holder to purchase from the company one share of Class A at $75 with each warrant presented.

Class A stock is currently selling on the New York Stock Exchange around 93 so that the warrants, dealt in on the New York Curb, should theoretically sell around 18. Actually, they sell somewhat higher than this owing to the value placed by purchasers upon the privilege they afford to control Class A stock before their expiration date, July 1, 1932.

In this case, while the buyer loses in dividends and interest by purchasing warrants in preference to the dividend paying Class A stock, the warrants have the advantage of providing a call upon that issue at relatively small cost. By an outlay of $93, the cost of one share of Class A, the purchaser could buy approximately

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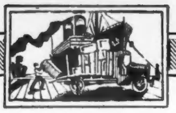
Interesting Examples of Warrants

Issue	Date of Expiration	Basis of Exchange			Recent Price — Warrants	Recent Price — Security Callable
Assoc. Gas & El. Deb. Rights	1-2-31	25 rts. + $1,000 cash	exch. for	16 Class A 9 Common	8¼	57 34½
Assoc. Gas & El. Stk. Pur. Warr.	9-1-30	1 Warr. + $30 cash	exch. for	1 Sh. Common	9½	34½
Am. & Foreign Power Opt. Warr.	No limit	*1 Warr. + $25 cash	exch. for	1 Sh. Common	85	108
Eng. Pub. Serv. Opt. Warr.	7-1-30 1-2-33	1 Warr.—$27.50 cash 1 Warr. + $30 cash	exch. for	1 Sh. Common	23	49
El. Power & Lt. Opt. Warr.	No limit	*1 Warr. + $25 cash	exch. for	1 Sh. Common	41	67
General Cable Warrants	7-1-32	1 Warr. + $75 cash	exch. for	§- Sh. Class A	23	93
Loew's Inc. Deb. rts.	4-1-32	5 rts. + $275 cash	exch. for	6¼ Shs. Common	28	60
Loew's Inc. Warrants	4-1-31	1 Warr. + $80 cash	exch. for	1¼ Shs. Common	8	60
Hellmann (Richard) Warrants	8-1-30	1 Warr. + $74 cash	exch. for	1 Sh. Postum Co.	20	75
Int'l Utilities Stk. Pur. Warr.	7-1-30	1 Warr. + $20 cash	exch. for	1 Sh. Common	8	18
Mohawk Hudson Opt. Warr.	No limit	*1 Warr. + $100 cash	exch. for	2 Shs. Common	29	60
Penn.-Ohio Edison Opt. Warr.	11-1-35	**1 Warr. + $25 cash	exch. for	1 Sh. Common	49	70
Republic Brass Warrants	No limit	1 Warr. + $75 cash	exch. for	§1 Sh. Class A	35	106
Southeastern Pr. & Lt. Opt. Warr.	No limit	1 Warr. + $50 cash	exch. for	1 Sh. Common	45	90

* Second preferred stock when accompanied by warrants received @ $100 per share in lieu of cash. ** Debentures received at face value in lieu of cash when accompanied by warrants. § Class A convertible into common on basis of 1 Class A for 2 common.



Activity Sustained Throughout Spring Season

Merchandise Distribution Continues Strong—Crop Conditions Favorable—Prices Fairly Stable

STEEL

No Recession Apparent

THE new records attained by the steel trades have been accorded only a fair volume of publicity, but are by this time generally recognized by the investment public. However, it is doubtful that the full scope and duration of this upward movement is appreciated; interest centers mainly upon the results of operations within the past two or three months, and although these months, without question, are deserving of special regard, yet, in retrospect, the records of the industry since last July (a period of close to a

(*Please turn to page* 264)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	1929 Last
Steel (1)	$36.00	$33.00	$36.00
Pig Iron (2)	18.50	17.50	18.50
Copper (3)	0.23½	0.16¾	0.18
Petroleum (4)	1.36	1.20	1.20
Coal (5)	1.70	1.62½	1.62½
Cotton (6)	0.21½	0.19⅝	0.19⅞
Wheat (7)	1.65⅜	1.29½	1.29½
Corn (8)	1.17¼	1.04⅞	1.05¾
Hogs (9)	0.11½	0.08⅞	0.10⅞
Steers (10)	17.00	14.25	14.50
Coffee (11)	0.18½	0.17	0.17
Rubber (12)	0.26⅛	0.18⅝	0.22¾
Wool (13)	0.45	0.40	0.40
Tobacco (14)	0.14	0.14	0.14
Sugar (15)	0.03⅞	0.03⅝	0.03⅝
Sugar (16)	0.05⅛	0.04⅞	0.05
Paper (17)	0.03¼	0.03⅛	0.03⅛
Lumber (18)	25.38	24.31	25.00

* May 20, 1929.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—No definite indication of change in the position of the trade has been evidenced. Operations continue at high levels; earnings outlook is favorable. Iron is in comparatively heavy demand, and third quarter bookings have been made at better prices.

METALS—A better tone has appeared in non-ferrous markets. Nevertheless, principal copper producers have decided to reduce activities by 10% but any effect upon refined stocks that this action may have will not come to light for about two months. In general, profits are good.

PETROLEUM—Oklahoma curtailment agreements have been set aside on reports of very heavy demand for Oklahoma crudes. A large gain in gasolene consumption has given a fillip to prices, and returns of refiners and distributers should be better.

FARM EQUIPMENT—Merger and further integration within the industry lend added strength to a trade which is already recognized as one of the most thriving in the country. Very substantial increases in foreign business have helped to maintain a large sales volume. Profits amply reflect the healthy situation.

TIRES—Output of tire makers is considerably above last year, but the increase in shipments is somewhat less marked. Consequently, stocks are up, the gain at the end of March having been about 29%, as compared with March of 1928. Nevertheless, returns are much better, and outlook is regarded as cheerful.

TEXTILES—Sales volumes are considered satisfactory, but the small margins of profit militate against strength in earnings. In addition, reports have it that overproduction in cotton goods manufacture will sooner or later serve to depress prices further.

WHEAT—The presence of a large surplus accumulated over the past two years, in consonance with the prospect for a fairly heavy crop for this season has forced prices down to the lowest levels in some five years. Outlook is uncertain, for a new winter wheat crop will soon have to be sold in addition.

CHEMICALS—The strong activity in industry in general, and especially in the textile, rubber, and metal-working trades has created a substantial volume of business for the chemical lines. With prices at satisfactory levels, earnings should be excellent.

SUMMARY—The report of the President's committee on Economic Changes takes cognizance of the strong situation which obtains in the current industrial picture. Crops, so far as can be ascertained at this time, hold promise of large yields; manufacturing activity is well sustained; second quarter profits are expected to compare favorably with the similar period of last year.

An Investment Opportunity Among the Chain Leaders

Sound and Aggressive Expansion Places Company in Strong Trade Position

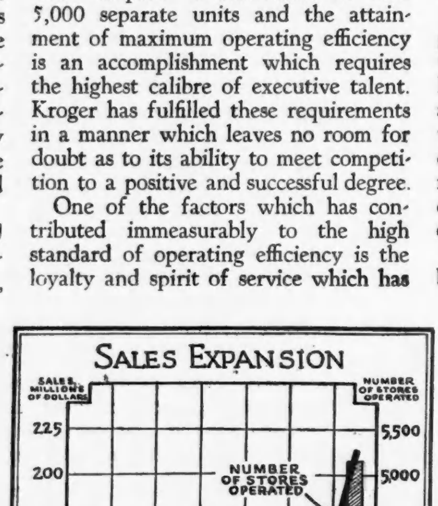
By C. Hamilton Owen

THE history of the Kroger Grocery & Baking Co., typifies the enterprise and romance which has been characteristic of American business. In common with some of the nation's leading industrial corporations, including Ford Motor, F. W. Woolworth, National Cash Register and Wright Aeronautical, Kroger traces its origin to a very modest beginning in 1883 when B. H. Kroger opened a single retail grocery store in Cincinnati. Report has it that Mr. Kroger's initial investment was $722 and rental for his first store was $40 per month. Whether or not the founder visualized an ultimate organization of the size of the present company, he, nevertheless, through the reinvestment of surplus earnings steadily increased the number of stores with the result that in 1902 the single unit had grown to forty.

The soundness of the policies behind the company's early period of expansion has been amply demonstrated, for there has been little, if any, deviation from them throughout the ensuing years. Today Kroger Grocery & Baking Co. enjoys the distinction of being the second largest grocery chain in the country and in volume of sales is exceeded only by the Great Atlantic & Pacific Tea Co., and F. W. Woolworth Co. Operating 5,260 stores at the close of 1928 in a compact territory embracing principally the states of Ohio, Kentucky, Indiana, Missouri, Michigan, Illinois, West Virginia and Pennsylvania, the company has many of the aspects of a national institution.

In a huge chain store enterprise of this type there is no single factor of greater importance than that of management. Competition is extremely keen among retail food merchants and emanates from two sources viz., other large chains and the neighborhood grocer who attempts to offset the price concessions of the chain store by offering various services such as monthly accounts, delivery, etc., mutual co-operation with other independents and the creation of good will through personal contact with the customer. The chain store operates on a narrow margin of profit, relying principally upon the advantages gained through its large centralized purchasing power, rapid inventory turnover and economical distribution. The complete co-ordination of over 5,000 separate units and the attainment of maximum operating efficiency is an accomplishment which requires the highest calibre of executive talent. Kroger has fulfilled these requirements in a manner which leaves no room for doubt as to its ability to meet competition to a positive and successful degree.

One of the factors which has contributed immeasurably to the high standard of operating efficiency is the loyalty and spirit of service which has been instilled into the company's personnel. Each employee is assured of definite progress without limit as his ability warrants and he is encouraged to become financially interested in his company through the purchase of stock. The urge of promotion and its accompanying rewards tends to keep all employees active in the interests of the company, the latter in turn receiving important advantages from a minimum turnover of labor and the creation of a smoothly functioning organization.



The some 5,000 stores are segregated by territories into major branches under the management of an executive head who divides his many duties with assistant superintendents, district supervisors and store managers. All purchases except fruit and produce are made through a central office in Cincinnati under the direction of a staff of expert buyers..

Manufacturing facilities include ten bread and cake bakeries, three meat packing plants, four dairies, four coffee roasting plants a sausage plant and a general plant for packaging candies, spices, teas, coffees, extracts, etc. Warehouses are maintained in the various branch centers to which merchandise is shipped from the central office and thence delivered by motor truck to the retail stores. "Organization" is the company's keynote and is the foundation of its growth, efficiency and the basic principal of large volume and a small profit.

The thorough co-ordination of the company's numerous activities enables it to figure a margin of profit close to 3%, a ratio so low that other smaller chains could meet it only at a loss and the company's largest competitor would gain no pronounced advantage in meeting it. Moreover, it is reported that the selling price on

many articles and products sold in Kroger stores is on a par with the actual cost to independent grocers. The advantages of this situation are readily apparent.

The capital structure is comparatively simple, consisting principally of 1,701,840 shares of common stock. In addition there are 814 shares of 6% first preferred stock, and 653 shares of 7% second preferred stock. There is also $729,000 7% preferred stock of a subsidiary, the Folz Grocery & Bakery Co., which has been assumed by Kroger. Early stockholders have shared handsomely in the company's growth through various stock dividends, split-ups and liberal cash disbursements. The purchaser of 100 shares of the old $100 par value stock would now have over 9,200 shares and the present cash dividend of $1 per share would be equal to $92.60 per share on the old stock. While expansion in the next ten years may not be as rapid as has occurred since 1920 and rewards to shareholders not as great in comparison, steady growth will undoubtedly bring further stock dividends and increased cash payments.

The breadth of the company's expansion since the opening of the first store in Cincinnati is graphically illustrated by a comparison with the number of units and gross sales in the years following. In 1902, twenty years later, forty stores had been placed in operation and gross sales were slightly over $1,750,000. Ten years later the number of stores had increased to 157 and sales were $8,069,850. During the next ten-year period expansion was more pronounced with the result that the company's report for 1922 revealed total gross sales of over $53,750,000 in 1,413 retail stores. It has been in the years following 1922 that chain store operations generally received their greatest impetus and expansion in the entire field has been particularly marked During that period Kroger, through acquisition of other established companies and the opening of additional stores, added 3,847 units to its chain bringing the total up to 5,260 at the close of 1928. It is understood that many smaller chain store operators have sought to join the Kroger group but were rejected, because, for various reasons they did not measure up to the standards established by those in charge of the company's expansion program. It is also noteworthy that the financing of this program was accomplished entirely through the reinvestment of surplus earnings and the exchange of stock, without resorting to the sale of bonds or substantial bank borrowings.

Statistical Highlights of Kroger

1928 Gross Sales	$207,372,551
Per Cent of Increase over 1927	28.6%
Number of Stores Dec. 31, 1928	5,260
1928 Sales per Store	$39,424
Indicated Inventory Turnover 1928	12.2
1928 Net Earnings per Store	$1,012
1928 Net Earnings per $1 of Sales	2.5c
1928 Net Earnings per share of com.	$4.58
Number of shares of common	1,701,840
Annual Dividend	*$1.00
1928 Price Range	132¼—70
1929 Price Range	122½—81

* Plus 5% in Common Stock.

Regardless of what may be accomplished in the future, 1928 will take its place in the company's history as an outstanding year. More than 1,500 stores were added to the system and sales showed the largest increase yet registered. Aggregate gross sales amounted to $207,372,550, a gain of $46,111,197 or 28.6% over 1927. On the other hand, gross sales per store registered a decline in comparison with the preceding year, having averaged $39,424 based on the total units in operation at the close of the year whereas total sales per store in 1927 amounted $43,014. This falling-off in unit sales, however, becomes more apparent than real when it is remembered that many of the newly acquired stores were not a part of the chain for a sufficient period of time to respond to the efficient Kroger merchandising methods.

Striking an average of inventories at the beginning and at the close of the year, total sales indicated that the company turned over its inventory more than twelve times, a better showing than that of any other grocery chain exclusive of the Great Atlantic & Pacific Tea Co., on which complete data are not available. Viewed from another angle, it is noted that for each $1 of gross sales, the company was able to show 2.5 cents in net income. While the margin of profit thus indicated was slightly below the 2.7 cents shown in 1927 and the 3-cent average which the company endeavors to maintain, it compares favorably with the ratio shown by other prominent grocery systems and would have in all probability been larger had it not been for the heavier expenses entailed in the acquisition and co-ordination of new stores.

Net income which amounted to $5,323,585 was equal, after allowance for taxes, preferred dividends and depreciation, to $3.46 per share on the 1,534,618 shares of common stock outstand- at the end of 1928, or $4.58 per share on the average number of shares outstanding during the year. Earnings in 1927 on a smaller amount of stock computed both on the number of shares at the close of the year and the average outstanding were equivalent to $4.12 and $4.20 respectively. Here too the reader should bear in mind that these comparative results do not fully reveal the potential earning power of the company minus the unusual expenses previously referred to, nor do they disclose the benefits likely to materialize when the adoption of the newer units has been completed.

Total cash dividends paid in 1928 to preferred and common shareholders were equal to 21.4% of net income and totaled $1,137,368. In addition stock dividends in the amount of $262,567 were distributed. In contrast with dividends, over 4 million dollars was added to surplus account, from which it will be seen that the dividend policy is an extremely conservative one. It is characteristic of the company to report a strong financial position. Working capital as of Dec. 31, 1928, exceeded 20 million dollars, cash increased $5,338,843 to $7,242,311 and together with marketable securities totaled $8,364,540 as against current liabilities of $9,828,689.

Other significant items revealed in the 1928 balance sheet included an increase of 100% in the property account to $18,844,734 which amount appears to represent a very conservative valuation of the company's extensive system of warehouses, bakeries, automotive equipment, etc. Liberal allowances are made annually for depreciation ranging from 10 to 25% on fixtures and other equipment, 25% on automobiles, and from 2½ to 5% on real property. Further evidence of conservation is found in the good will ac-

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EDITORIAL PAGE

Building Your Future Income

AN INFORMATIVE DEPARTMENT ON ESTATE BUILDING

Safety and Market Price

THERE is an exaggerated tendency at present for investors to determine the *safety* of a security by the *price* at which it sells before and after they have made their investment. If an investment stock is bought at 100, for example, and later is quoted at 110, some investors will accept this as *prima facie* evidence that they have made a safe investment. Conversely, if a security falls below their purchase price they are likely to jump to the false conclusion that the issue is unsafe.

It is still more unfortunate when this psychology is carried to the bond markets. During the past year or so, bonds have sold lower. Without giving the matter much thought, many bondholders jump to the conclusion that they have made an unsafe investment, because they see their bond selling somewhat lower than the price they paid for it. They fail to give due recognition to the fact that the important consideration in the case of a bond investment is the ability of the company which issues the bond to meet its interest obligation and retire the bond at maturity.

It is comforting to see a bond sell higher than the purchase price, of course, but there is no actual advantage thereby created for the investor—the *real* investor. He gets no higher interest payments nor will the loan be paid off quicker. In fact, it is usually an actual disadvantage for the bond investor when bond values rise abruptly. In such cases, the issuing corporation is likely to fall back on its prerogative to call the bond (if it has one) and issue another bond at a lower rate of interest. This leaves the investor in the awkward position of being compelled to reinvest his funds at a lower rate of interest.

When bond values fall, the investor is really placed in a position of advantage because he can obtain a higher rate of income from investments that he makes at the lower values. Corporations which have to provide for the maturity of an issue in the kind of a market that exists at present find themselves in much the same uncomfortable position of the investor whose bond is called in a rising market. The investor is paid off at the face value of the bond when it matures whether this maturity falls in a market of high or low bond.

Institutions such as the banks and the insurance companies which are large buyers of bonds welcome such opportunities as exist in the bond market at present. For them lower values mean merely higher income from the assets that they invest this year. And the insurance companies particularly are more concerned about the amount of income that they can obtain from an investment in a bond up to its maturity date than they are in the various price levels at which it may sell in the meantime.

Will Your Insurance Bills "Go On Forever"?

A Plan to make your Ordinary Insurance fully paid up.

By Stephen Valiant

THOSE who select Ordinary Life Insurance policies in their younger years, because this policy "gives more protection for the money," are very apt to look on the matter entirely from the point of youth with good earning power and bright prospects for the future. The possibility that the annual insurance premiums on these policies may become a heavy burden in later years does not seem to fit into the picture that they view in their present circumstances. It seems so easy for a young man with a good earning power to pay his insurance bills now, that there seems to be no question that he will ever find it difficult to meet this life-long obligation.

But to step back a bit and look at life in all its realities, some recognition must be made of the fact that *normally* one's earning power falls in later years. The perfectly natural wish to retire from active business life in the later years of life, means a sharp reduction of income. The prudent man, irrespective of the optimism of younger years, will plan to reduce the obligations of later years to a minimum.

The Limited Payment Life Insurance policy, recently discussed on these pages, serves this purpose. It provides for a definite sum to be paid annually for a fixed number of years, at the end of which time the policy is fully paid up. The provision is made possible on the part of the insurance company by the simple practice of collecting a sufficient sum over and above the cost of an ordinary life policy so that at the end of the time an investment reserve will have been set up which will earn a sufficient income to pay the premium until the death of the insured.

It is the purpose of this article to describe a plan whereby the insured can set up his own investment reserve and thereby obtain the same result of making his insurance estate "fully paid-up." Insurance companies, because of the legal restrictions thrown around their investments, earn a comparatively low rate of interest. The cost of writing the policy, company overhead and management of the investment fund must also be provided for out of the proceeds of the policy. The investor who is willing to undertake the bother and responsibility of managing his own investment fund can, therefore, create a larger insurance estate at the same cost by combining investment and insurance than he can by buying paid-up insurance from the company.

From the schedule of premium rates of various companies, we will select one of the large non-participating companies, in making the comparison between ordinary life insurance and limited payment insurance. The rates would work out a little differently when a participating company is selected but the average costs work out about the same and a level premium rate leaves less for guesswork in determining insurance costs. This company charges $169 per annum (a level rate with no dividends) for $10,000 worth of Ordinary Life insurance at age 30 and $244 for the same amount of Twenty Year Payment insurance. These figures will determine the amount to be used for investment.

The plan comprehends the purchase of ordinary life (at $169 for $10,000 worth) and investing the difference between this cost and the cost of Twenty Year Payment (which is $244 for $10,000). Thus the same yearly amount of $244 will be used for this plan that would be used in the purchase of Twenty Year Payment insurance. The $75 difference between the two policies, however, will be invested at an average rate of

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Building Your Future Income

"Save First"—A Slogan That Makes Thrift Easy

By R. L. Upshur, Jr.

FOREWORD

Two men came to the office of a prominent New York financier and complained that, although they were doing a large volume of business, they were unable to make any money. Being a successful business man, and not an efficiency expert, he did not have much time to talk, so he just gave the visitors a few words of advice, half-humorously and half-seriously. He suggested that they take five cents out of every dollar they received and put it in a savings bank. "Run your business on the other 95 cents," he said. "Don't compromise, reduce your expenses until you are able to pay all your bills with what is left. You are entitled to ten cents out of every dollar, but be satisfied with five cents for a while."

ISN'T some such plan as this often more effective than fancy bookkeeping, cost systems, time studies and other methods of control which confuse the average man? This will work just as well for an individual on a fixed salary as it will for a business.

There is barely one of us but what at some time has cherished the fond hope of coming into a position of complete or at least partial financial independence, away from the "bread and butter" providing stage, so to speak; to have the time and freedom to devote to those other things we have always wanted to do. Now, just which route we should take to arrive at this position is mainly dependent upon our present and prospective income, and the attending obligations and expenses. It too, depends a great deal upon our temperament and upon the ultimate goal we desire. In any event, it is safe to assume that a plan which virtually affords the buying of a cash estate by making small regular installment payments as we go along, may be carried on in this day of modern investment facilities with just the same degree of satisfactior to all, whether our earnings are $1,000 a year or $100,000, but it is necessary that it be pursued as a game and not as an onerous task or as some moral obligation or duty.

A program thus properly and soundly laid and afterwards diligently and consistently adhered to the outcome unfailingly brings those certain gratifying rewards.

Temperament has much to do with the success of an investment program. A desire for change; for satisfying new wants; something out of the path of the ordinary, constantly haunts us, and often upsets well laid plans of long standing. Again, unforeseen conditions enforce digression. Owing to all of these uncertainties which are likely to occur over a long period of time, it is not feasible to live too closely to a fixed schedule, therefore the plan pursued must be a simple workable one such as will admit of reasonable flexibility and still not interfere with the successful carrying out of our purpose.

Most people lose the benefit of the most productive years of their lives by postponing savings until conditions are "favorable." They plan to take the proceeds of a "lucky strike" and salt it away. Usually the "lucky strike" is never made, or if it is, the proceeds are needed to liquidate indebtedness.

Better Than Budgeting

In the past twelve years I have tried every conceivable plan of allotting, budgeting, calculating, proportioning, and all such as this, only to find that they must be constantly changed to meet new conditions, and this constant changing tends to swerve us from our original purpose. It is quite natural that our last plan always seems to be the best one, but here is a short outline of one that is now proving successful for me, with the least annoyance.

The first thing to do is to determine the amount of your goal. Next, take the number of years needed for the accumulation period—then figure out the monthly or weekly amount which, at about 6% compound interest, would bring this amount at that age. For a modest purpose say it is desided to attain the sum of $25,000 by the age of 50. A man 30 years old, for instance, would save about $50 a month for twenty years, or a

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Thrift plans that involve intricate bookkeeping and complicated budgets are often very unsuccessful for the simple reason that many men and women thoroughly detest the practice of "keeping accounts." The author of this article suggests a "way out" for the reader who wants a plan to save money but who at the same time is unwilling to prepare elaborate budgets and keep accounts.

total savings of only about $12,500, which, with the amazing power of compound interest, would give him the $25,000 fund by age 50, the interest return from which would yield a monthly income of $125; or, if left to accumulate, by the addition of interest alone, until age 62 it would become $50,000 for which he has actually saved only about one-fourth of this amount. This principle may be applied in the same manner to other ages and amounts.

Adjust the amount of the goal to come within your ability to save, increasing or decreasing it to meet your own views. Do not be too ambitious or optimistic at first but give very careful thought and consideration to the amount you are able to save, because you are going to contract with yourself for a long time, so it is better to under-estimate your ability than to over-do it, especially at first when a continuity of purpose is essential to give the necessary stimulus to carry the plan through. Having decided the amount, next obligate yourself at once to a definite program.

Some Investment Suggestions

As a suggestion, a good portion of your savings may be very conveniently placed by taking out installment shares in several good, sound, well-managed building and loan associations in prosperous cities in different parts of the country which will give proper diversification of location. This type of savings has proved very successful and in most cases the interest return is higher than other equally sound securities, and interest is usually compounded monthly.

In addition to this a part of your allotted savings may be profitably applied toward regular monthly payments on good sound bonds such as your banker recommends. A very satisfactory way to handle such saving's payments is to deposit all of your earnings in a commercial checking account with your local bank and to pay these installments the first of every month, just as you would any other expense item such as your house rent, gas or lights, but be so zealous of your savings, or the obligation to yourself, that you pay that before anything else. Be as childlike about this as you please but get your savings out of the way of temptation. Be less concerned about a high return than about safety. Don't spend interest or dividends. Plow them right back within mingling them with your other funds.

The balance of the money you have in the bank is to be considered all that you have. Budget as you wish, and figure or not, on that remainder—but make it answer for all expenses. If you go behind one month make it up in the next. As your building and loan shares and bonds are paid up see that these investments are put aside in a safe place entirely separate from other funds, and while you are building your estate consider such investments, and the interest and dividends therefrom, as really not belonging to you at all, but as a prize for later years. Do not pledge nor borrow against them except in cases of dire necessity. If your funds run short, or if at the end of the year you have not laid aside separate funds for a trip, etc., then stand faithful to your purpose and learn to pare down your wants on future expenditures. In other words, make the surplus over savings suffice. Now, to complete this plan, particularly for one having dependents, sufficient life insurance (with disability feature) should be provided so that the entire amount of the estate would be paid in the event of your death. Premiums on this insurance should be considered an expense outside of the investment program.

Having set this course, do not ever be misled by large gains that speculation promises unless you can well afford this risk outside of your savings. Adhere everlastingly to good, sound investments such as banks place their own funds in.

Now, there is nothing complicated about this, it's really a lot of fun working it this way and your zeal grows as you go along. You are simply setting aside something that you will not become used to; take the rest and enjoy a more carefree wholesome life as you go along, feeling all the while that in the back-ground you have that satisfaction of knowing you will be provided for in later years. This is the road to ease of mind and body when ease becomes most useful or necessary.

A Real-Life Story of Family Investment

"Counting His Estate and Her Own, Exclusive of the Homestead, She Had Approximately $25,000."

By Martha C. Bronson

THIS is a little story of a pair who started their married journey without aid from any source, dominated by the determination to make a worthy success of their lives. I refer to my parents whose strivings were inspired by three major ambitions: the first to properly rear and educate their children; the second to own a substantial home; the third to provide for their own independence when their earning days were past.

Because of these aims they made a rule strictly adhered to throughout their early years never to buy anything they couldn't pay for, nor to spend their money on tawdry ephemeral things that happened to be the mode.

They put by a portion of their income every year, the amount of the savings depending on the health of the family, and also unexpected expenses not allowed for in the regular budget. Now their plan did not differ very materially from that of a modern young couple save in its details, the end in view in both cases being a life investment made through systematic saving.

A Parent's Achievement

Although my father had been the greater part of his life on a moderate salary, his business being of a clerical nature, he nevertheless realized his three cherished ambitions, for he gave four of his children college educations, and the fifth a trip to Europe; he earned a handsome home, and still was able, through the practice of economy and self-denial, and the good domestic management of my mother, to start his children on their careers with money, as also to save for his and her future needs.

One must take into account in considering an investment program that the conditions obtaining in earlier days for putting out conserved capital to good advantage, were not as favorable as at present. To the majority of Americans outside the centers of population, the activities of the stock exchanges were extremely vague. Indeed general initiation in bond buying was as recent as the late war when the Liberty loan drives were instituted. Stock and bond agencies with direct wires to New York were not located in the smaller cities until very lately, being even at this writing unknown to towns and villages.

What recourse, then, had the man with money to put out? Naturally he applied to the bank where he kept his savings, which usually offered him an investment yielding 4½%, rarely 5%.

There was, however, and still is in existence in our locality, an organization called the Loan Society, composed of business men of our town loaning money on real estate, mortgages, etc., its officials with the exception of the secretary and attorney serving without salary. Into this society of which my father was a director he put $13 yearly to the name of every one of his family, such being the rule governing the organization that each member of it should pay no more, no less annually than that amount. Beginning with the child's birth up through to maturity, this unfailing deposit drawing 6% interest, obviously made a very respectable sum with which to start one's career.

The Part of Life Insurance

Life insurance is usually a vital consideration in the thrift program not only because it serves as a protection to the loved ones in the event of the wage earner's death, but also for the reason it can be utilized at maturity as a direct aid to that program, but in older days it was of no use whatever to the subscriber. A man simply had to die in order that his beneficiaries profit from a policy on which he paid annual premiums from youth to

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old age, some of them being of a still further antiquated type that demanded an assessment as a tax levied on the living for the death of each member.

Unfortunately my father, so careful in his expenditures, suffered a severe setback in his thrift program. He trusted implicitly in the integrity and good judgment of a wealthy man of the town, a director of its National Bank, who as a side line to his very lucrative business sold bonds at a premium of $50 each, over and above the principal, to his friends and patrons. These bonds were of a highly speculative nature as my father learned to his cost, for he lost outright $4,000 in investments that proved utterly worthless.

At his death in 1924, my mother found herself in possession of the home, $1,000 in first class industrial stock, $10,000 in bonds augmented by $4,000 in old-fashioned straight life insurance policies. In addition she had in the local Savings Bank, Trust Company and Loan Society, and in investments about $10,000 of her own. She had saved throughout the long years of her married life, gifts of money her husband from time to time had made her, also the proceeds from a summer home on the lake she had sold during his illness. Counting his estate and her own, exclusive of the homestead, she had approximately $25,000.

A Widow's Investments

Now her paramount idea as a widow dependent on her investments, was safety first. She had learned from bitter experience, and from the experiences of many of her friends, persuaded by unscrupulous salesmen into buying worthless securities from the high rate of interest offered as a bait, never to buy a bond of unknown character simply because it bore a tempting percentage.

She looked thoroughly into the history and earnings of the company putting out the bond, and whether it was a first mortgage, a collateral or a debenture, safe because of the intrinsic soundness of the concern and the stock issues protecting the bond. I mention as an illustration of this last, the new 5% debenture of American Gas & Electric Company.

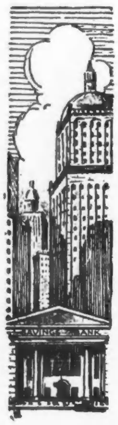
In her efforts to invest wisely she availed herself of the advice of a son living in New York who had long made comprehensive study of investments, and he regularly sent her reliable financial magazines and journals. She was enabled to keep posted on the market by reading these magazines, carefully noting their analyses of different companies, supplementing this by scanning the daily stock and bond quotations published in a city paper.

In railroads she had shares of Pennsylvania common stock, bonds on Delaware & Hudson, New York Central, Minneapolis, St. Paul & Saulte Ste. Marie, and Baltimore & Ohio. Her list comprised several Liberties since called or sold, several New York City real estate mortgages legal for trust funds, and including the 5½% guaranteed type.

She had such industrial bonds as Youngstown Sheet and Tube, American Smelting, National

(Please turn to page 267)

BYFI RECOMMENDS—



For Savings

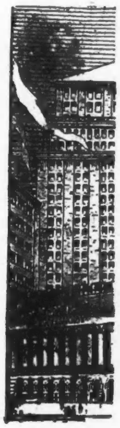
1. **SAVINGS BANKS.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable medium.

2. **BUILDING AND LOAN** shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. **ENDOWMENT INSURANCE** is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investments

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	98	4.9
2. Public Service Elec. & Gas. 1st & Ref. 5s, 1965	103	4.8
3. Standard Oil of N. Y. deb. 4½s, 1951	96	4.8
4. Western Pacific 1st 5s, 1946	96	5.3
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	100	5.0
6. New York Steam 1st "A" 6s, 1947	106	5.5
7. Chesapeake Corp. Conv. Coll. 5s, 1947	99	5.1
8. Associated Dry Goods 1st 6% Pfd.	98	6.1
9. Hudson & Manhattan Conv. 5% Pfd.	76	6.6
10. Southern Pacific Common $6	131	4.6



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

AMERICAN CHAIN

About a year ago, I invested in 25 shares of American Chain, Pf., paying $101. Now it is selling around 75. Do you think the annual $7 dividend may be eliminated? Would you advise that I hold or sell?—A. C. I., Englewood, N. J.

American Chain Company ranks as the largest manufacturer of chains in the world, producing for widely diversified uses practically every size and kind of chain, from small chains for the jewelry trade to large anchor chains for ships. In addition, it manufactures automobile accessories, such as tire chains, automobile bumpers, cotter pins, jacks, and bead rings for tires; weldless chain, harness chains, chandelier and halters; mining and loading chains and a variety of related lines. Reflecting unseasonable weather conditions which served to adversely affect sales of tire chain manufacturers, results in the first six months of 1928, after rather liberal charges for depreciation, etc., showed a deficit equal to $3.23 a share of $7 preferred stock followed by encouraging improvement in the final half year, net in the full year being equal to $3.80 a preferred share contrasted with $18.42 a share in 1927. It has been officially reported that since the beginning of the current year sales have shown a very marked increase in all lines over the same period of 1928. Moreover, litigation involving automobile bumper patents owned by the company carried on over a term of years has been satisfactorily settled with ten bumper manufacturers, including some of the largest in the industry, which serves to provide the company with an additional source of income from continuing royalties as well as permitting a marked saving in litigation expenditures. Financial position was comfortable at the end of 1928 year, although less favorable than the year before reflecting a falling off in cash holdings resulting from the payment of dividends not earned during the year, but to an appreciable extent to new acquisitions during 1928 financed out of current resources. Pending definite indications of a sharp recovery in earning power, preferred dividends cannot be regarded as resting on a wholly sound foundation On the other hand, in view of the company's strongly entrenched position in its chosen field, we are confident it may be depended upon to eventually work out of present difficulties and existing prices of the preferred seem to give ample recognition to the worst aspects of the situation. While the stock has depreciated somewhat in investment strength, where a degree of patience is employed and the issue is held for the longer pull, regardless of temporary market price fluctuations, we believe the results achieved should warrant holding as opposed to a sacrifice sale.

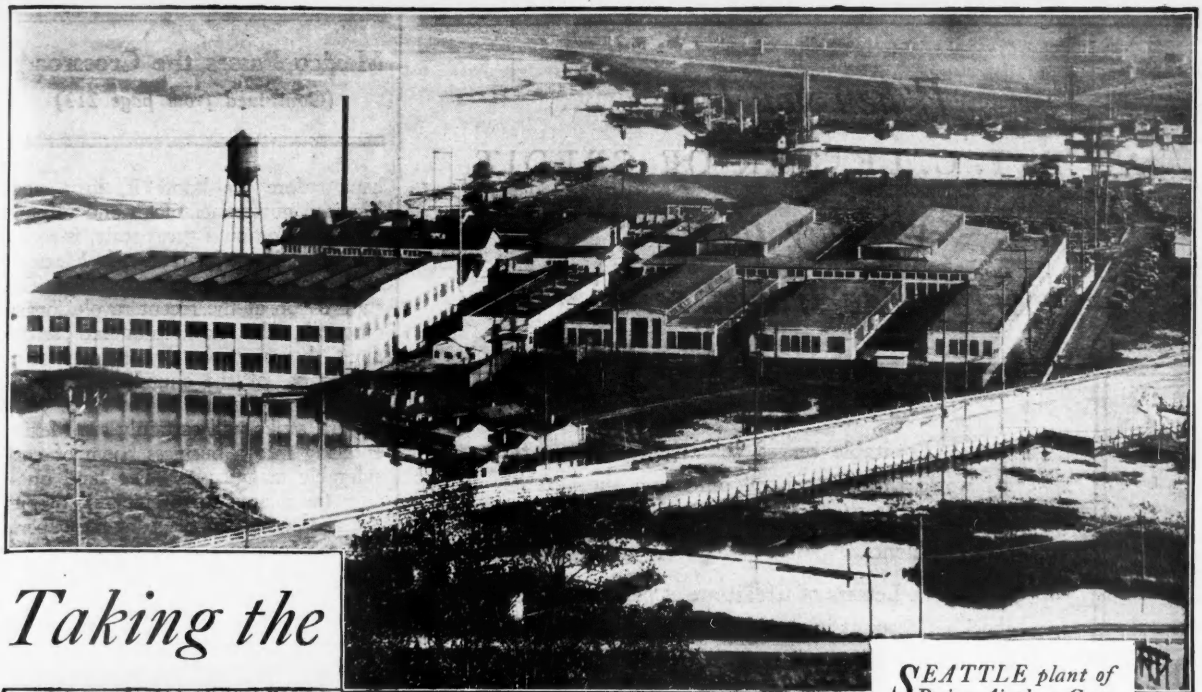
BROOKLYN UNION GAS

Have you any definite information as to the rumored split-up in the stock of Brooklyn Union Gas? In anticipation of this development, I purchased 20 shares in January at a cost of $198 a share. Shall I continue to retain, especially in view of the small yield?—B. C. G., Jamaica, N. Y.

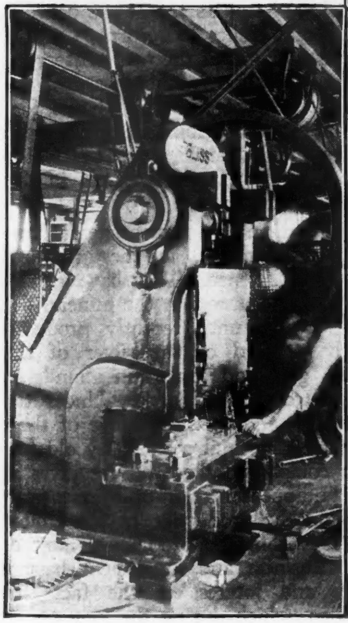
Enjoying a practical monopoly in the industrial and residential areas of the Borough of Brooklyn, earnings of Brooklyn Union Gas have shown marked stability over a period of years, and while net income for the three years to 1925 inclusive registered a moderate decline, the average for that period has been substantially exceeded in the subsequent three years, income in the 1928 year being of record proportion, and equal to $8.09 a share on 511,146 shares then outstanding against $7.65 a share in 1927. Indications point clearly toward continued rapid expansion both in the Borough of Brooklyn and the section of Queens served, which augurs well for future substantial growth, both in scope of operations and earnings of the

(Please turn to page 273)

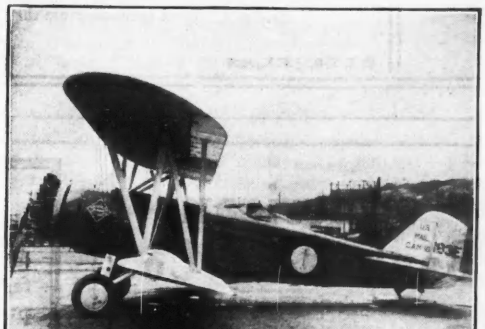
When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect



Taking the Broader View



SEATTLE plant of Boeing Airplane Company, unit of United Aircraft & Transport Corporation, and planes in process of construction. (Left) Punch press in operation. (Below) New Boeing, Model "95," mail plane with "Hornet" motor.



INVESTORS have been impressed by the growth of equities behind common stocks of strong corporations through the reinvestment of surplus earnings in plant and equipment and additions to liquid capital. This process has been notable during the profitable business period since 1923.

Beside increasing property values, such use of earned money has extended the profit-making power of many corporations, and enlarged the dividend possibilities of their common stocks. Close observers of investment tendencies are, in consequence, making practical use of well-selected common stocks to supplement bonds.

The National City Company recognizes the investment character of certain common stocks and recommends them for inclusion among diversified security holdings.

THE NATIONAL CITY COMPANY

Head Office: 55 WALL STREET, NEW YORK

BONDS · STOCKS · ACCEPTANCES
SHORT TERM NOTES

Offices in more than 50 leading cities throughout the world

Mexico Passes the Crossroads

(*Continued from page 213*)

haps before we know it, in a new Mexican government loan and refunding operation on a great scale, is something that is not far removed. Mexico's resiliency in business is proverbial. The suppression of the recent revolutionary outbreak, the now promised settlement, however sketchy it may turn out to be, of the church controversy and with it the end of the three years buyers' strike will certainly see Mexico entering into a business boom of considerable magnitude. The land question (as related to foreigners), despite the acceptance by the bankers' experts of the Mexican reports of progress, is probably still uncertain. The mining and industrial situations will also require time, but all these will be solved, if the new elections bring into power a constructive civilian government, if the military leaders accept the demand of General Calles to return to peaceful pursuits, and if the new aristocracy of the revolution is ready, as now appears, to accept the help of the foreigners in the development of the great estates and industrial properties which have passed into their hands in the past eighteen years.

Business and investment again have a stake, therefore, in the great resources of Mexico. They have a stake and a deep interest in the mineral deposits which until recently produced nearly a third of the silver of the world, gold and copper in abundance and petroleum in floods. Under the new laws and the acceptance of these laws by new, and perhaps by old foreign companies, those oil resources in the untapped interior of Mexico may outstrip the production of the United States within the lifetime of most of us. Business and investment have a stake and interest in the fact that Mexico, which during the long period of unrest gave up the premier position as the greatest cattle producing country of the world, and has been importing cattle for her own needs, is slowly returning to extensive cattle raising. They have a stake, too, in the fact that with peace and security the great cattle ranges of the north of Mexico will inevitably again be filled with herds, to the benefit of the consumers of meat in the United States and to the profit and prosperity of those who raise and fatten those cattle.

Business and investment have also a stake in the fact that during this period of unrest in Mexico a floating population of over two million Mexicans, constantly changing, has been drifting back and forth between Mexico and

New Issue

Subscriptions having been received in excess of the amount of this offering, this advertisement appears as a matter of record only.

500,000 Shares

Ungerleider Financial Corporation

Capital Stock

(Without Par Value)

A portion of this stock has been reserved for distribution in Canada, England and Continental Europe

CAPITALIZATION

	Authorized	Present Offering
Capital Stock (without par value)	**3,000,000 shs.**	**500,000 shs.**

Transfer Agent
Manufacturers Trust Company

Registrar
Liberty National Bank & Trust Company in New York

Ungerleider Financial Corporation has been formed under the laws of Delaware to buy, sell, trade in or hold stocks and securities of any kind, to originate and to participate in and act as manager of syndicates and underwritings, and to exercise such other of its charter powers as its Board of Directors may from time to time determine.

It is expected that the Corporation will commence business with $25,000,000 in cash, arising from the sale of 500,000 shares of its capital stock, and as Samuel Ungerleider & Co. will pay all of the expenses in connection with the organization and the issue and distribution of this stock, the above sum will be net to the Corporation. Of the shares being issued, 50,000 shares are being purchased by Samuel Ungerleider & Co. at $50 per share.

The Board of Directors of the Corporation is composed of the following:—

DAVID BERNSTEIN,
Director and Treasurer, Loew's Inc., New York.

CHARLES B. H. DELLER,
Investments, New York.

WILLIAM C. DURANT,
Chairman of Board and Director, Liberty National Bank & Trust Company, New York.

WILLIAM FOX,
President, Fox Film Corporation, New York.

E. G. LONG, K. C.,
Director, Mutual Life Assurance Co., Toronto, Canada.

KENNETH F. MACLAREN,
President, K. F. MacLaren & Co., Ltd., Investment Bankers, Toronto, Canada.

LOUIS S. POSNER,
Jonas & Neuburger, Attorneys-at-Law, New York.

W. C. RANDS,
Director, First National Bank, Detroit, Michigan.

HIRAM S. RIVITZ,
President, Industrial Rayon Corporation, Cleveland.
Director, National City Bank, Cleveland.

SAMUEL UNGERLEIDER,
Samuel Ungerleider & Co., New York.

EDWIN L. WEISL,
Keehn, Woods, Weisl & Keeley, Chicago, Illinois.

A. S. WHITE,
Vice President, The Bankus Corporation, New York.

The Corporation has entered into a management contract with Messrs. Samuel Ungerleider & Co. under the terms of which that firm will receive no compensation except standard commissions on brokerage transactions unless the Corporation earns annually in excess of 8% on its capital and surplus as of the beginning of each year plus appropriate adjustments for capital added during such year; in any year in which the realized net profits exceed this 8%, the firm will be entitled to receive an amount equal to 20% of the net profits but only to the extent that the payment thereof will not reduce the net profits below this 8%. For the year 1929 the firm will become entitled to compensation, on the basis stated, when the Corporation shall have earned at the rate of 8% per annum on its capital and surplus for the portion of the year during which the management contract shall have been in effect. The requirement for the annual earning of net profits of 8% shall be cumulative, so that if in any year the Corporation shall fail to have net earnings of that amount, the deficiency must be made good in subsequent years before the firm will be entitled to receive compensation.

The certificate of incorporation and/or the management contract contain provisions to the following effect, among others:

1. All stock now issued or authorized is of the same class, and all shares have identical rights as to voting, dividends and otherwise.
2. The stockholders, by a majority vote, may terminate the management contract at any time. If any director shall be elected to the Board of the Corporation without the approval of Samuel Ungerleider & Co., that firm may terminate the management contract. Upon termination of the management contract, the Corporation shall, at the request of Samuel Ungerleider & Co., change its name so as to eliminate all reference to that firm.
3. No stockholder shall, as a matter of right, be entitled to subscribe to any additional stock of any class.

The Corporation will not take over any securities now owned by Samuel Ungerleider & Co. That firm may deal freely with the Corporation, but in any transaction between them, Samuel Ungerleider & Co. will accept responsibility for the fairness of the transaction. There are no options on any unissued stock, nor has the Corporation any other agreements except those herein referred to.

The above is subject to the more complete statements contained in the certificate of incorporation and the management contract, copies of which may be obtained from the undersigned upon request.

Price $52 per Share

This offering is made subject to allotment or prior sale and in all respects when, as and if issued and accepted by us and subject to approval of our counsel, Messrs. Jonas & Neuburger. It is expected that delivery of temporary or definitive stock certificates will be made on or about May 22, 1929, at the office of Samuel Ungerleider & Co., 50 Broadway, New York, N. Y., against payment therefor in New York funds.

The Corporation has agreed to make application to list these shares on the New York Curb Market.

SAMUEL UNGERLEIDER & CO.

the United States, learning to use our tools, learning to need our goods, and ready, now, to man machines in Mexican factories and mills, a population which will consume our machinery and use the power from electric plants largely owned by our investors, in a rapid establishment of a broad modern economic basis for Mexican progress. The return of Mexico to the growing of her own foodstuffs will mean the spreading of the population (which fear and danger have crowded into the cities) out into the country districts, both to develop the old abandoned farms and the new irrigated plantations, for the work in mines and factories, and indeed, in oil fields as well, when American money re-enters Mexico—on Mexico's own terms.

These are the stakes of American business and investment in the immediate future of Mexico. Risks still remain, it is true, but risks are now pretty carefully balanced in the scale of returns—and usually in favor of the investor. These risks today are still only the risks of the political situation which is so overwhelming a factor in Mexican economic affairs, as was set down at the outset of this article. For this very reason, now that peace has apparently come, and the strength, at least, of the present Mexican regime has been firmly proven, it seems safe to hope that the political danger to the economic structure has faded away, and that the mighty forces of resiliency and economic strength inherent always in Mexico's land and people will have a new opportunity to develop, moving along the open highway that forever lies beyond the crossroads of revolution.

New York Stock Exchange

RAILS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 5/22/29	Div'd $ Per Share
A								
Atchison	200	161¾	204	182⅜	209⅜	195⅛	199¼	10
Do Pfd.	106¾	99⅜	108½	102½	103⅞	99	100⅝	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	191¾	169	182	‡10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	133	116½	117½	6
Do Pfd.	83	73¼	85	77	80½	77	77	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅜	81⅞	62⅛	63	4
Do Pfd.	88	78⅛	95⅜	82	92⅝	83	83	6
C								
Canadian Pacific	219	165	253	195⅛	265⅞	225	225	10
Chesapeake & Ohio	218½	151¾	218¾	175½	230	195	206	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	39⅞	31	31⅛	..
Do Pfd.	37½	..	59⅝	37	63¾	49⅝	49⅞	..
Chicago & Northwestern	97½	78⅜	94¼	78	94	81	82½	4
Chicago, Rock Is. & Pacific	116	68½	139⅝	106	139⅞	121	121	7
Do 7% Pfd.	111¾	102¾	111½	105	108¼	105¼	107⅞	7
Do 6% Pfd.	104	95¼	105	99½	102⅞	99⅞	†100½	..
D								
Delaware & Hudson	230	171⅛	226	163¼	207¼	182	186½	9
Delaware, Lack. & West	173	130⅛	150	125¼	133¼	120½	121¼	‡7
E								
Erie R. R.	69¾	39½	72½	48¾	78	64	71¼	..
Do 1st Pfd.	66¼	52⅜	63⅞	50	64¾	57	58	..
Do 2nd Pfd.	64½	49	62	49¼	60¼	56	56	..
G								
Great Northern Pfd.	103⅞	79⅝	114¾	93½	115⅞	102	102½	5
H								
Hudson & Manhattan	65⅞	40½	73½	50⅛	58⅜	38⅜	38⅜	2½
I								
Illinois Central	139⅜	121⅛	148¾	131¾	152	133¾	134	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	27	28	..
K								
Kansas City Southern	70¼	41¼	95	43	98⅞	78	80½	5
Do Pfd.	73½	64⅞	77	66½	70½	64¼	64¾	4
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	84½	84½	3½
Louisville & Nashville	159⅛	128⅜	159½	139⅜	153½	138¾	†140	7
M								
Mo., Kansas & Texas	56½	31½	58	30½	55	42½	46¾	..
Do Pfd.	109½	95¾	109	101½	107½	102	105¼	7
Missouri Pacific	62	37⅞	76¼	41⅞	96½	62½	86⅛	..
Do Pfd.	118⅝	90⅛	126⅞	105	138⅜	120	134¾	5
N								
New York Central	171½	137⅛	196½	156	204¼	178½	183	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	145	128⅛	137	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅜	104⅜	80⅞	96½	4
N. Y., Ontario & Western	41¾	23¼	39	24	32	25	26	..
Norfolk & Western	202	156	198½	175	207¾	191	200	‡10
Northern Pacific	102⅛	78	118	92⅜	114¾	99¼	99¼	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	83⅝	72½	76	4
Pere Marquette	140½	114½	154	124⅞	174¾	148	157½	‡8
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	128⅛	128⅛	6
R								
Reading	123¾	94	119⅜	94¼	117½	102⅛	106	4
Do 1st Pfd.	43½	40½	46	41½	44	41½	†42⅛	2
Do 2nd Pfd.	50	43¾	59⅞	44	49¾	44½	44½	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	125	109½	113⅛	8
St. Louis-Southwestern	93	61	124⅛	67½	115¾	90⅞	83	..
Seaboard Air Line	41¼	28⅛	30½	11⅝	21¾	16½	16½	..
Do Pfd.	45⅜	32⅛	38	17	24½	18½	21½	..
Southern Pacific	126⅞	106¼	131¼	117⅝	138⅜	124	128¾	6
Southern Railway	149	119	165	139½	158⅜	138¼	138⅜	8
Do Pfd.	101⅛	94	102¼	96⅝	99	96	†96	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99⅛	181	156½	169	5
U								
Union Pacific	197¾	159½	224⅞	186½	231	209	218½	10
Do Pfd.	85¾	77	87¼	82⅛	84⅜	81½	†81⅛	4
W								
Wabash	81	40½	96¼	51	81⅜	61	†62	..
Do Pfd. A	101	76	102	88½	104⅞	91½	93	5
Do Pfd. B	98	65	99½	87	91	80¼	†80	..
Western Maryland	67⅞	13¾	54¾	31¾	54	32½	41	..
Do 2nd Pfd.	67½	23	54⅞	33½	53½	38⅝	†40	..
Western Pacific	47½	25⅛	38½	28¼	41	33	34	..
Do Pfd.	76⅜	55	62⅛	52½	64½	57	57¼	..

INDUSTRIALS AND MISCELLANEOUS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 5/22/29	Div'd $ Per Share
A								
Abitibi Power & Paper	150¼	83	85	36¼	54⅞	39¼	39½	..
Abraham & Straus	118¾	62¼	142	90	159½	110	110	..
Advance Rumely	15¾	7⅝	65	11	104⅞	48	48	..
Air Reduction, Inc.	199⅛	134½	99⅝	59	133	95⅛	120⅜	‡3
Ajax Rubber, Inc.	13¾	7½	14⅜	7½	11¼	6⅛	6½	..
Allied Chemical & Dye	169¼	131	252¾	146	305¾	241	277	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	212	166	186½	7
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	23⅝	10⅛	10⅜	..
Amer. Bank Note	98	41	159	74¾	134¼	110	116	‡3
Amer. Bosch Magneto	26¾	13	44⅜	15⅜	73¼	40½	56⅝	..
Amer. Brake Shoe & Fdy.	46	35½	49⅛	39⅞	62	45	51⅛	1.60
American Can	77⅝	43⅝	117½	70½	151⅛	107¾	130⅛	‡4
Amer. Car & Fdy.	111	95	111½	88¼	106½	93	95	6
Amer. & Foreign Power	31	18⅞	85	22⅝	138⅞	75¼	97¾	..
American Ice	32	25¾	46⅜	28	46	38	40½	‡3
Amer. International Corp.	72⅜	37	150	71	76¼	57¾	60⅞	2
Amer. Metal Co., Ltd.	49⅜	36⅛	63¾	39	81¾	52	52⅝	3
Amer. Power & Lt.	73⅜	54	95	62¼	120	81⅛	102⅜	1
Amer. Radiator & Stan. Sanitary	147⅞	110½	191½	130½	52⅝	41⅛	41⅛	1½
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	62	63½	‡5
Amer. Smelting & Refining	188¾	132⅝	293	169	124¾	93½	98	4
Amer. Steel Foundries	72¾	41½	70⅜	50⅛	79⅞	61¼	61¼	3
Amer. Sugar Refining	95¾	65¼	93½	55	94¾	71½	78	5

Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—(Continued)

	1927		1928		1929		Last Sale	Div'd $ Per
A	High	Low	High	Low	High	Low	5/22/29	Share
Amer. Tel. & Tel.	185½	149¼	211	172	238½	193¼	208½	9
Amer. Tobacco Com.	189	120	184⅜	152	186½	160	166	8
Amer. Type Founders	146	119⅞	142¼	109⅞	155	136½	142¼	8
Amer. Water Works & Elec.	72⅛	46	76½	52	94	67¼	88	1
American Woolen	33⅜	16½	32⅜	14	27⅞	18	19⅛	..
Amer. Zinc, Lead & Smelt.	10¼	5¾	57	6⅝	49¼	29⅛	29⅛	..
Anaconda Copper Mining	60½	41¼	120¼	54	174⅞	100	101⅜	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	11¾	11¾	..
Do Cl. B	9⅛	5	13½	6⅝	10¼	6¼	6½	..
Arnold Constable Corp.	55½	21	51¾	35¼	40⅞	20	20¼	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70¾	43	43	2½
Atlantic, Gulf & W. I. S.S. Line	43½	30⅜	59⅞	37⅛	63⅝	32⅛	61⅛	..
Atlantic Refining	131⅜	104	66½	50	71½	53½	65	‡1½
Austin, Nichols & Co.	10¼	4¼	9¼	4⅜	10	5¾	5⅞	..
B								
Baldwin Loco. Works	265¾	143⅛	285	285	271½	225	225	7
Barnsdall Corp. Cl. A	35½	20¾	53	20	49⅛	38⅛	43	2
Beech Nut Packing	74¼	50¼	101¼	70⅜	101	77¼	77¼	3
Bethlehem Steel Corp.	66½	43¾	86⅜	51⅞	118⅝	82⅛	98⅛	4
Borden Company	169	167½	187	152	98	86	86	3
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅛	33¼	35½	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	28⅛	28⅛	1
Burns Bros. new Cl. A Com.	125¾	85½	127	93½	127	100	100	8
Do new Cl. B Com.	34¾	16¼	43⅜	15⅞	39	25⅝	25⅝	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	134	139	..
C								
California Packing	79	60¼	82⅝	68½	81⅝	72⅛	73½	4
Calumet & Arizona Mining	123½	61⅛	133	89	135	126⅝	129	10
Calumet & Hecla	24¾	14¼	47⅜	20⅛	61⅞	39½	39½	4
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	89¾	78	82⅜	‡4½
Cerro de Pasco Copper	72½	58	119	58½	120	93⅞	93⅞	6
Chile Copper	44⅜	33⅛	74⅞	37⅜	127½	71⅜	95	3½
Chrysler Corp.	63½	38⅛	140½	54¾	135	70¼	70½	3
Coca Cola Co.	199½	96½	180½	127	140	123¼	125	4
Collins & Aikman	113⅜	86	111¾	44⅛	72¼	50	53¾	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	59	63½	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	167⅞	121¼	148¼	‡4½
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	76¾	53½	74	2
Commonwealth Power	78¾	48⅝	110½	62¼	164	107¼	151⅜	‡4
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	21⅞	22	..
Congress Cigar	88½	47	87¼	67	92⅜	71	71	5
Consolidated Gas of N. Y.	125¾	94	170¼	74	119	95½	107⅝	3
Continental Baking Cl. A	74⅞	33½	53½	26½	79½	47⅛	69½	..
Do Cl. B	10¼	4	9⅜	3¾	14	8⅛	11	..
Continental Can, Inc.	86⅞	58¾	128⅞	53	80⅛	60	67¾	2½
Continental Motors	13¾	8⅞	20½	10	28⅜	17⅛	19	.80
Corn Products Refining	68	46⅞	94	64⅜	101⅞	82	87¾	‡3
Crucible Steel of Amer.	96¾	76½	93	69¼	94	85	87½	5
Cuba Cane Sugar	10¾	4⅞	7½	4⅜	5½	2¾	2¾	..
Cuban-Amer. Sugar	28½	18⅞	24¼	15⅜	17	11	11¾	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	51	51	4
Curtiss Aero. & Motor Co.	69¾	45⅛	192¾	53⅛	173½	135⅛	150⅛	1
Cuyamel Fruit	55½	30	63	49	85	63	†78	..
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	49	53	..
Drug, Inc.	..	..	120⅛	80	126⅛	106⅞	107	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	194½	170	170½	‡8
Eaton Axle & Spring	29¾	21¼	68⅛	26	76¾	60¼	61¼	3
E. I. du Pont de Nemours	343⅞	168	503	310	198½	155¾	165⅛	‡4½
Elec. Power & Light	32⅜	16½	49⅜	28¾	72¼	43⅛	63	1
Elec. Storage Battery	79½	63¼	91⅛	69	92⅞	77	79	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83⅜	68½	69⅜	5
Engineers Pub. Service	39⅝	21¾	51	33	60¼	47	48⅝	1
F								
Federal Light & Traction	47	37½	71	42	87¾	68⅛	80¾	1½
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	9½	9½	..
Fleischmann Co.	71⅛	46⅛	89⅜	65	84⅜	65⅛	70¾	‡3½
Fox Film Cl. A	85½	50	119⅝	72	101	82	85⅛	4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	38	43½	4
G								
General Amer. Tank Car	64⅜	46	101	60⅞	102	81½	84	4
General Asphalt	96¾	65	94⅞	68	84½	61	80	..
General Electric	146⅝	81	221½	124	295	219	269	‡6
General Motors Corp.	141	113¼	224¾	130	91¾	73⅛	73¼	‡3.30
General Railway Signal	153¼	82⅛	123⅝	84¼	116⅞	93½	104¾	5
Gold Dust Corp., V. T. C.	78¾	42	143¼	71	82	54⅛	56	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	77¼	77⅝	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	154½	112	119	5
Graham-Paige Motors	..	..	61¼	16¾	54	30	30¼	..
Granby Consol. Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	70	71	7
Great Western Sugar	44⅝	35⅛	38½	31	44	32¾	36⅞	2.80
Greene Cananea Copper	151½	29¼	177¼	89⅜	197⅝	145⅝	149½	8
Gulf States Steel	64	40	73⅞	51	79	60	60	4
H								
Hershey Chocolate	40¼	37⅞	72½	30¾	95⅝	64	86	..
Houston Oil of Texas Tem. Ctfs.	175	60⅛	167	79	109	80⅛	84	..
Hudson Motor Car	91½	48¼	99⅞	75	93½	81⅛	83½	5
Hupp Motor Car	36¼	16	84	29	82	46½	46½	2
I								
Inland Steel	62⅜	41	80	46	96⅞	78½	86⅝	3½
Inspiration Consol. Copper	25½	12½	48⅞	18	66¾	40	40	4
Inter. Business Machines	119¾	53⅛	166⅜	114	194¾	149⅜	184	5
Inter. Cement	65⅜	45¼	94⅞	56	102¾	85⅛	85⅞	4
Inter. Comb. Eng. Corp.	64	40⅛	80	45¼	103½	61	71	2
Inter. Harvester	255⅝	135⅜	97⅞	80	119¾	92¾	105⅛	2½
Inter. Mercantile Marine	8¾	3½	7⅜	3¾	7¼	5	5	..
Inter. Nickel	89½	38¼	269½	73⅝	72¾	40½	46	.80
Inter. Paper	81½	39⅛	86⅜	50	83	57½	50	2.40
Inter. Tel. & Tel.	158⅞	122¼	201	139½	281½	197¼	250½	6
J								
Johns-Manville	126	55½	202	96¼	242¾	155¼	168½	3
K								
Kelly-Springfield Tire	32¼	9½	25½	19¼	24	11	15	..
Kennecott Copper	90⅜	60	156	80⅛	104⅞	78⅝	81⅛	5
Kresge Co. (S. S.)	77¼	45⅞	91¾	65	57½	46¼	46¼	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122½	82½	82½	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—(Continued)

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	5/22/29	Share
L								
Lehn & Fink	43	32⅝	64⅞	38	68½	51¾	51¾	3
Liggett & Myers Tob	128	87½	122½	83⅛	105½	81½	88¾	‡5
Lima Loco. Works	76⅜	49	65⅞	38	55	44⅛	46	..
Loew's, Inc.	63⅞	48⅞	77	49⅛	84½	55¼	57½	‡3
Loose-Wiles Biscuit	57¼	35½	88¾	44¼	74⅝	58⅛	58½	2.60
Lorillard	47⅜	23½	46⅞	23¾	31½	20	25⅛	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114¾	91	97½	6
Magma Copper	58¾	29½	75	43¾	82½	66	67½	5
Marland Oil	58½	31	49¾	38	47⅛	35⅞	36¼	..
May Dept. Stores	90⅜	66¾	113½	75	108½	77	77	4
McKeesport Tin Plate	..	..	78⅜	62½	82	62½	68¼	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	41½	47½	..
Miami Copper	20¾	13⅛	33	17¾	54½	30⅛	38½	4
Mont, Ward & Co.	121½	60⅜	156½	115¼	156⅞	111⅛	113	2½
Murray Body	42	16¼	124¼	21⅛	99¼	62	91⅛	3
N								
Nash Motor Co.	101⅞	60¼	112	80¼	118⅞	87¼	87½	6
National Biscuit	187	94¾	195¼	159½	205	168	173	6
National Cash Reg	51⅝	39⅞	104¾	47¼	148¾	96	109	‡4
National Dairy Prod	68⅞	59¼	133½	64½	69⅜	62⅛	62⅛	1½
National Enameling & Stamp	35⅜	19⅛	57⅜	23¼	62¼	44½	47	1
National Lead	202¾	*95	136	115	173	132	143	5
National Power & Light	26¾	19¼	46⅝	21⅞	61⅜	42¼	49	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	39¾	42⅝	3
N. Y. Air Brake	50	39¼	50½	39⅞	49¾	41½	43½	3
North American Co.	64½	45⅝	97	58⅝	119⅜	90⅝	111	§10%
O								
Otis Steel	12½	7¼	40½	10½	48⅜	37¼	39	..
P								
Packard Motor Car	62	33¾	163	56¼	153¾	116⅛	135	‡3½
Pan-American Pet. & Trans	65⅞	40⅛	55½	38¼	63	40⅛	59¼	..
Paramount Famous Lasky	115⅜	92	56⅜	47¼	72	55⅛	63	3
Phila. & Reading C. & I.	47⅝	37⅜	39¾	27⅜	34	19	19	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	37¼	39¾	1½
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18½	37⅞	27⅛	33¾	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32¾	63⅞	45	45	2
Pittsburgh Coal of Penna	74½	32¾	78⅞	36⅛	83¾	61	67	..
Postum Co., Inc	126⅛	92⅝	136½	61⅜	81¾	62¾	72½	3
Pressed Steel Car	78¼	36½	33½	18	25⅜	18⅝	18⅝	..
Public Service of N. J	46⅞	32	83½	41½	94¾	75	82⅛	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	91⅞	79⅝	80⅛	4
Pure Oil	33½	25	31¼	19	30¾	23⅛	28	1½
R								
Radio Corp. of America	101	41⅛	420	85¼	114	68¼	91⅛	..
Remington-Rand	47¼	20½	36½	23⅛	35¾	28	29½	..
Reo Motor Car	26⅞	25½	35½	22½	31⅞	25	25	‡1
Republic Iron & Steel	75⅞	53	94⅛	49⅛	102½	79¼	87⅛	4
Reynolds (R. J.) Tab. Cl. B	162	96⅛	165½	126	66	53	58	2.40
Richfield Oil of Calif	28⅝	25⅜	56	23⅛	49⅝	39¾	44½	2
S								
Savage Arms Corp	72½	43½	51	36¼	51⅞	38¼	42	2
Schulte Retail Stores	57	47	67⅛	35⅜	41⅛	21	21⅛	..
Sears, Roebuck & Co	91½	51	197½	82⅛	181	139⅜	151⅛	2½
Shell Union Oil	31¾	24⅝	39⅜	23¼	31¾	25¾	28⅛	1.40
Simmons Co.	64¾	33½	101⅜	55¾	116	75	83	3
Sinclair Consol. Oil Corp	22¾	15	46¾	17⅝	45	35½	38⅜	‡2½
Skelly Oil Corp.	37¾	24⅛	42⅝	25	46½	32⅞	40⅜	2
Spicer Mfg. Co	28⅞	20½	51⅝	23½	66¾	45	53⅜	..
Standard Gas & Elec. Co	66¾	54	84⅝	57⅞	99⅞	80¾	87	3½
Standard Oil of Calif	60¾	50⅜	80	53	81⅞	64	75⅝	‡3
Standard Oil of N. J	41⅜	35⅛	59¾	37¾	62⅜	48	57½	‡2
Standard Oil of N. Y	34⅛	29¾	45½	28¾	45¾	38	40	1.60
Stewart-Warner Speedometer	87½	54¼	128⅛	77¼	77	65	69½	3½
Stromberg Carburetor	60	26⅛	99	44	116	52⅝	106	3
Studebaker Corp.	63½	49	87½	57	98	76½	76½	5
T								
Texas Corp.	58	45	74⅜	50	68½	57¼	62½	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	85¼	72¼	73¼	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	16	18¼	§5
Tide Water Assoc. Oil	19⅛	15⅜	25	14¾	23⅜	17½	19⅛	..
Timken Roller Bearing	142⅛	78	154	112⅝	92	73½	85¼	3
Tobacco Prod. Corp	117⅝	92¾	118⅛	93	22⅛	14⅛	15¼	1.40
Transcontinental Oil	10⅜	3¾	14⅛	6¾	14¼	9	13¼	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	127	91	117	4
Union Carbide & Carbon	154½	99⅛	209	136⅛	86	75¼	75¼	2.60
Union Oil California	56½	39⅝	58	42¾	54½	46	48¾	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27½	18	19	1
United Fruit	150	118½	148	131½	158⅛	120	120	4
U. S. Cast Iron Pipe & Fdy	246	190½	53	38	55⅞	36	36⅛	2
U. S. Industrial Alcohol	111½	69	138	102⅛	173¾	128	155	6
U. S. Rubber	67⅛	37¼	63¼	27	65	42	51⅛	..
U. S. Smelting, Ref. & Mining	48⅞	33⅜	71½	39½	72⅝	55	55	3½
U. S. Steel Corp	160⅛	111⅜	172½	132⅜	193⅞	157⅛	167⅛	7
V								
Vanadium Corp.	67⅛	37	111½	60	116⅛	83¼	83⅝	‡4
W								
Warner Bros. Pictures	45½	18¼	139¼	80⅞	134	97	118	..
Western Union Tel	176	144½	201	139½	220¾	179⅜	186	8
Westinghouse Air Brake	50⅛	40	57⅜	42⅛	54⅛	45⅛	45½	2
Westinghouse Elec. & Mfg	94¾	67⅝	144	88⅛	168⅞	137½	152½	4
White Motor	58⅜	30¼	48¾	30¼	53½	39⅝	40	1
Willys-Overland	24¾	13⅛	33	17¾	35	23	23½	1.20
Woolworth Co. (F. W.)	198⅛	117¾	225¾	175⅛	232¼	192⅛	214	6
Worthington Pump & Mach	46	20⅛	55	28	64⅛	43	48	..
Wright Aeronautical	94¾	24½	289	69	149½	120	120	2
Y								
Youngstown Sheet & Tube	100⅛	80⅛	115⅝	83⅛	132⅝	105	126½	5

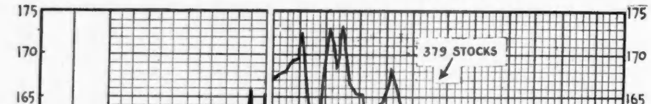
* Ex-dividend. † Bid Price. ‡ Partly Extra. § Payable in Stock.

Securities Analyzed, Rated and Mentioned in This Issue.

THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low	Recent Indexes May 11	Recent Indexes May 18	1928 Indexes (308 Issues) Close	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low
379	COMBINED AVERAGE	173.1	160.2	166.4	162.9	165.4	166.0	109.2
40	Railroads	159.1	144.3	146.3	144.3 l	147.1	148.9	119.5
3	Agricultural Implements	655.4	504.5	576.3	520.2	513.2	513.2	280.5
8	Amusement	268.0	226.9	246.1	243.0	253.8	262.9	98.3
15	Automobile Accessories	212.6	186.7	212.6H	205.4	190.2	190.2	86.4
18	Automobiles	134.9	117.2	118.1	117.2 l	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)	307.1	270.9	304.9	296.4	284.4	(Begun 1929)	
3	Baking (1926 Cl.—100)	95.5	73.4	85.8	81.3	82.3	82.9	51.5
2	Biscuit	237.7	204.5	213.9	209.3	225.2	242.4	169.7
4	Business Machines	284.1	234.1	284.1H	280.4	235.0	235.0	153.7
2	Cans	226.5	177.7	224.0	217.5	177.7	181.4	117.2
7	Chemicals & Dyes	277.9	221.7	276.0	268.9	221.9	(Begun 1929)	
2	Coal	124.0	89.2	100.2	98.1	120.2	120.3	81.8
14	Construction & Bldg. Material	141.3	122.2	131.4	130.2	136.9	136.9	94.4
15	Copper	391.5	299.6	320.0	303.5	299.6	299.6	159.8
3	Dairy Products	128.0	109.8	124.5	128.0h	120.4	132.5	68.1
7	Department Stores	86.5	69.0	69.5	69.0 l	86.5	89.5	62.9
10	Drugs & Toilet Articles	199.2	177.8	184.5	183.3	196.0	201.9	157.2
5	Electric Apparatus	234.4	183.5	228.0	234.4H	183.5	183.5	125.6
3	Fertilizers	121.4	79.7	88.2	79.7 l	106.4	116.3	78.4
2	Finance Companies	207.8	174.2	181.0	174.2 l	178.5	(Begun 1929)	
4	Furniture & Floor Covering	197.5	154.2	161.0	160.9	185.0	185.0	110.2
5	Household Appliances	110.8	93.2	98.5	95.3	110.8	113.3	87.5
3	Investment Trusts	328.2	154.4	316.4	303.8	154.4	(Begun 1929)	
3	Mail Order	418.6	326.8	354.0	336.0	418.6	426.5	147.9
4	Marine	93.7	74.7	88.3	85.4	77.4	96.5	66.8
2	Meat Packing	104.4	76.7	81.2	76.7 l	104.4	(Begun 1929)	
40	Petroleum & Natural Gas	172.3	143.8	171.3	165.9	164.4	182.6	86.1
5	Phon'phs & Radio (1927—100)	321.1	260.1	289.4	282.4	290.0	(Begun 1929)	
17	Public Utilities	253.1	213.3	252.5	253.1H	215.5	215.5	127.9
10	Railroad Equipment	131.4	121.9	128.7	125.5	127.6	128.9	112.1
3	Restaurants	147.1	119.3	145.9	147.1h	131.0	138.1	89.8
2	Shoe & Leather	178.3	132.8	132.8 l	136.0	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)	225.6	206.9	221.7	219.7	208.6	214.0	152.9
13	Steel & Iron	153.9	138.0	146.5	143.5	138.8	143.4	86.3
6	Sugar	81.6	64.7	67.0	66.2	78.7	93.7	72.8
2	Sulphur	295.2	265.0	279.5	270.0	286.9	386.9	251.6
3	Telephone & Telegraph	183.4	150.1	179.7	173.8	150.1	150.1	120.8
6	Textiles	128.5	103.4	105.4	103.4 l	122.8	123.8	78.6
8	Tire & Rubber	111.4	88.1	91.7	88.1 l	104.0	104.0	61.5
11	Tobacco	184.6	157.2	162.6	164.7	180.9	195.0	167.8
5	Traction	140.4	94.8	95.7	96.8	126.6	150.4	103.8
2	Variety Stores	128.0	111.0	120.8	119.1	124.4	126.8	98.0

H—New HIGH record since 1925.
h—New HIGH record this year. l—New LOW record this year.



(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

Will the World Gold Scramble Force Deflation on the U. S.?

(*Continued from page 205*)

drop in prices by increasing the value of currencies. *Thus we arrive at the definition of the gold standard and the advantage in its practical appliance; to converge the value of gold and the value of currency.*

Modified Gold Standard

The Geneva Conference of 1922 had recognized the danger of this development. In order to protect countries the gold standard of which might be jeopardized through the general scramble for gold, it recommended a change in the practical application of a gold standard policy rather than the adoption of a system like the "stabilized" or "managed" dollar which has quite doubtful advantages. This recommendation was a "modified gold standard," the "gold exchange standard." It permits the substitution of foreign exchange bills for gold as currency cover. Though this substitute for gold comes suspiciously near a gold credit, the suggestion was a good palliative to overcome a difficult situation.

But, it could only work out without becoming harmful, if two conditions were fulfilled: 1) The Central Banks must only accumulate foreign exchange bills in proportion to the eventual deficit in gold holdings to complete the necessary percentage for note circulation. 2) The United States, holding then more than 50% of the available gold supply of the world, must redistribute a large portion of it without unnecessary difficulties. Unfortunately these conditions were either fully disregarded or only partly fulfilled. The Central Banks accumulated much more foreign exchange bills than necessity demanded. It was a very comfortable means to regulate their own exchange without resorting to active discount policies and credit restrictions with all their disagreeable disturbances of the home markets.

France was quick enough to recognize the great advantage offered. When capital from this country began to pour into France in large amounts and would naturally under other circumstances have disturbed the exchange, she easily diverted this capital flow into foreign exchange bills and the franc was not influenced in the least. On the same principle the Dawes Plan functioned so smoothly until the flow of foreign capital dried up. Soon this excess accumulation of foreign exchange bills disclosed its harmful consequences. The Central Banks

were holding large demands on each other and thus compelled each other to accumulate equally large gold reserves as protection against the peril of sudden callings.

The result now is that instead of a single gold cover the countries on a gold standard have to take care of a double gold cover; one in the old sense as cover for their note circulation; and, one as cover for their outstanding exchange bills. Countries with a favorable trade balance are naturally in a superior position over those with an unfavorable trade balance. And thus the fight for gold goes on merrily and intensified. The situation becomes most serious when a country is compelled to dissolve its accumulation of foreign exchange bills which might tie up much more gold than the bills had set free.

The Origin of Our Money Difficulties

The second condition was only partially fulfilled. The United States did not begin to redistribute from their enormous gold holdings earlier than in 1927. During the five preceding years more gold flowed into our country. But when in October, 1928, our Federal Reserve became alarmed over the situation in the stock market the outflow was stopped by raising the rediscount rate. This shortsighted policy marks the beginning of the tribulations in our money market, the oscillating rate policy of our banks, with time money three points above the rediscount rate and call money jumping forth and back between 6 and 20%.

With all the above mentioned factors in mind we may analyze the present situation in the gold market thus: The majority of Central Banks try to cover a much larger note circulation than heretofore, with an amount of gold that has expanded comparatively little. They are making all efforts to secure control over a part of the gold holdings of other banks by accumulating foreign exchange bills thereby forcing the other banks to accumulate gold reserves far beyond the proportion necessary for currency cover. To make the situation still more serious some countries, especially France and Switzerland, are lately absorbing more gold than ever before since they prepare to reinstate the free circulation of metal coins.

That with all these factors working simultaneously gold must develop a scarcity value is beyond any question. *But it becomes just as clear on the strength of the above described conditions that it cannot be a question of how much gold is available or whether there is enough gold available. Gold in this case is only the continuity. The cause lies with the Central Banks.*

Instead of adhering to the strict

sense of gold standard they apply it arbitrarily and consequently have to change their gold policies continually. Thus they interfere with its natural and balancing development. *They forget the purpose and intention of a gold-standard. They disregard the fact that only the free fluctuation of gold justifies the existence and appliance of a bold basis for monetary units. The fact that it gives to all currencies established on a gold basis the same purchasing power is the most important factor in international banking, because it means nothing less than the stabilization of the value of gold itself.*

The picture of present-day conditions as presented above, forces upon us the conclusion that the Central Banks of the world are to be blamed for the manifold disturbances in the international, as well as in our home money market; because they have disregarded the real purpose of the gold standard and indulged in abusing gold. Three points are of great importance—three pitfalls that should be avoided by all means. 1) It is a great fallacy to try to cover a 50% higher note circulation with a high percentage of gold. 2) It is a great fallacy to look upon foreign exchange bills as gold, a practice especially indulged in by France. In February last, her holdings in such bills were larger than those of Great Britain and Germany together and her attempts to turn these holdings into gold at a time of her own choosing proved very hazardous for all concerned. 3) It is just as great a fallacy to attempt to draw away gold from large and powerful Central Banks. Such banks would then be forced to start a deflation process by which the purchasing power of their notes is increased and the price index lowered, taking action at the same time to prevent a change in the price of gold.

This latter is precisely the role in which the United States is placed. What has been retarded in 1928 by stopping the outflow of gold prematurely will have to be done in the very near future, if we want to keep the foreign markets open for our surplus production in goods and capital. There is no doubt that this consideration is actually behind the repeated warnings of the Federal Reserve authorities, behind Mr. Mellon's advice to buy bonds as investments with fixed income. The contraction of credit as a means to increase the purchasing power of the currency in preparation of coming gold exports in large volume, the firm pressure against the price of stocks, notwithstanding a few spectacular performances of specialties, the rapid sinking of some commodity prices and last but not least the confusing movements of money rates are all unmistakable signs of a rising value of our currency,

or, in other words, of a decrease in the price index covering everything from commodities to stocks.

Banks Should Follow Gold

Returning to our analysis of the functions of gold, it remains to be said, that adherence to the gold standard involves the recognition of the above described automatic gold movements, permitting their free development and not preventing them through arbitrary politics. The Central Bank of a country which has adopted the gold basis for its currency has to follow gold and not vice versa. If the bank follows the automatic movements of gold and without hesitation expands its note circulation as soon as gold flows in and contracts credits as soon as gold flows out, then comparatively small holdings of gold will be necessary to maintain the gold standard—certainly, much smaller than is being kept today.

For over a generation, Great Britain had been able to maintain a gold standard with an amount of 35 million pounds—an amount which indeed is small, considering her farflung and enormous trade and financial interest. An amount of 3 to 5 million pounds was always sufficient to bring the exchange back to par. Today she holds more than four times as much gold, and has an export about five times as large as then. When English exchange dropped below par in October, 1928, she gave up more than 27 million pounds to lift the exchange from the gold export point to par during this period to January 1st, 1929, but the result was negative.

The reason was simply that she would not or, better said, she was forced, not to restrict note circulation or increase her discount rate. It would have taken a comparatively small loss of gold to firm up the exchange if the Bank of England had acted according to the traditional requirements of a gold standard and if it had been realized that possession of large volume of gold does not make a gold standard. A Central Bank which recognizes the principle of automatic gold movements will always have sufficient gold for the rightly understood needs of home commerce and industry.

Paramount Famous Lasky Corporation

(*Continued from page* 219)

fore Dec. 1st, 1932, at 104½ and interest; to Dec. 1st, 1944, at 103; thereafter at the principal amount plus a premium of ½% for each six months remaining between the redemption date and date of maturity.

As of Dec. 31st, 1928, the total amount of the issue in question had been reduced to $14,885,000, purchase money obligations amounted to $41,607,802 and the outstanding Serial Notes brought total funded debt up to $63,786,945. There are 2,213,517 shares of common stock now outstanding which, at recent levels around 70, represent equity for the bonds of nearly 155 million dollars. Earnings applicable to interest charges on the total debt have been sufficient to meet requirements by a wide margin for sometime past and with the logical benefits to be derived from the three-year expansion program likely to find tangible reflection in current and future earnings, all of the company's capital obligations should gain appreciably in investment worth.

Current Attraction

Summarizing the foregoing, it is readily apparent the company's 6% gold bonds maturing in 1947 enjoy all of the intrinsic qualities which comprise a sound investment. The company's prominence and success is unquestionable as is its ability to provide adequate protection in the form of earnings, assets values and equities for bondholders. Presently quoted at par and under, the bonds offer the additional inducement of an attractive yield in the neighborhood of 6%, an opportunity which is not likely to be available when the issue becomes somewhat more seasoned and investors again turn their attention to the bond market.

Kroger Grocery & Baking Co.

(*Continued from page* 231)

count, carried at $1 on the books. While this is an intangible item, it is, nevertheless, a valuable one to a company doing over 200 million dollars worth of business annually.

Among other acquisitions last year was a controlling interest in the Piggly-Wiggly Corp. which neither owns nor

Bonds Called For Redemption

Company		Maturity	Amount	Price	Redemption Date
Anderson Gas & Utilities 1st	6%	1948	$88,000	102	July, 1929
Argentine Nation (Govt. of) ext. S/F.	6%	1959	$260,000	100	June, 1929
Baltimore Coca-Cola Bott. Coll. Tr. nts.	7%	1934	$20,000	100	June, 1929
Belgium Kingdom S/F	7½%	1945	$2,300,000	115	June, 1929
Bendix Corp. 5-yr. secured nts	6%	1932	$1,200,000	101½	June, 1929
Bethlehem Steel, Cornwall P. M.	5½%	1939	$92,000	100	July, 1929
Buffalo & Susq. Iron 1st	5%	1932	$100,000	100	June, 1929
Canada Wire & Cable 1st 10-yr	7%	1935	E.I.	103	June, 1929
Canadian Card & Fdy. 1st 30-yr	6%	1939	$3,316,000	110	June, 1929
Canadian Steel F'dries, 1st & Coll. Tr.	6%	1936	$1,219,000	110	Sept., 1929
Central C. & C. 1st Mtge. S/F Ser. A.	6%	1933	E.M.	102	June, 1929
Central C. & C. 1st Mtge. S/F Ser. A.	6%	1934	E.M.	102½	June, 1929
Central Pub. Ser. coll. Tr. A	6%	1940	$8,266,000	105	July, 1929
Chicago & West Indiana R. R. Gen'l.	6%	1932	$46,000	105	June, 1929
Computing, Tab.-Rec. S/F	6%	1941	$914,000	105	July, 1929
Cuba Hydro-Elec. 1st Coll. Tr. D	6½%	1948	E.I.	107½	June, 1929
Eastern Iowa Tel. & Tel. 1st	6%	1941	$175,000	105	July, 1929
Eastern Minn. Pr. 1st Ser. A	5½%	1945	$315,000	105	July, 1929
Evansville Gas & Elec. Lt. 1st & Ref.	5%	1932	$15,000	105	June, 1929
Georgia Ry. & Elec. ref. & imp	5%	1949	$7,702,000	105	July, 1929
Golden Gate Ferries Ser. A. Coll. Tr. 7% & B	6½%	1941	$3,600,000	105	July, 1929
Indian Ref. Co. 1st	5½%	1930-32	$1,200,000	101	July, 1929
Ingersoll-Rand 1st mtg	5%	1935	E.I.	105	July, 1929
Kentucky Hydro-Elec. 1st A	6%	1949	$4,000,000	104	June, 1929
Missouri-Kan. Pipe L. 1st yr. conv. nts.	6%	1929	E.I.	100	June, 1929
Missouri-Kansas Pipe Line 1st Ser. A.	6½%	1940	$1,500,000	105	June, 1929
Montreal Steel Works 1st	6%	1940	$471,000	110	Dec., 1929
National Foundry 1st	6½%	1930–36	$439,000	105	July, 1929
National Industrial Alcohol 1st Ser	8%	1929–30	E.I.	101½	June, 1929
Northwestern Ill. Utilities 1st A	6%	1945	$650,000	105	June, 1929
Pan American Pet. & Trans. 1st ln. mar. eq. ev	7%	1930	$276,000	105	June, 1929
Penick & Ford 1st Mtg	6½%	1943	$1,947,000	105	June, 1929
People's Lt. & Pr. Conv. Deb. Ser	6%	1962	E.I.	110	July, 1929
Peru (Rep. of)	5%	1946	$39,000	100	June, 1929
Pittsburgh Coal of Pa. deb	5%	1931	$1,749,000	100	Sept., 1929
Producers & Refiners 1st	8%	1931	$1,827,000	110	June, 1929
Rima Steel 1st	7%	1955	$6,000	100	Aug., 1929
St. Francis Levee Dist.-Ark. Ser. E	5%	....	E.S.	100	July, 1929
Santa Fe, N. M. Genl. Ref. Bds	4%	1903	$44,000	100	June, 1929
Smith & Wesson 1st	5½%	1938	$5,000	104½	July, 1929
Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A	6%	1941	$1,525,000	105	Oct., 1929
U. S. Steel 50-yr	5%	1951	$134,830,000	115	Sept., 1929
Vicksburg Gas 1st Ser	6%	1930–45	$200,000	102	July, 1929
Wabasso Cotton 1st	6%	1947	$10,000	105	June, 1929
Western Utilities notes	5½%	1931	E.I.	101	June, 1929

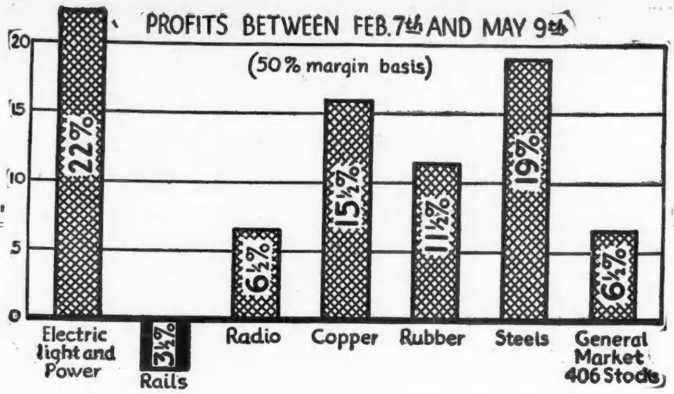
V.B.—Various bonds. V.P.—Various prices. N.S.—Not stated. E.I.—Entire issue.
V.N.—Various notes. E.M.—Entire maturities. E.S.—Entire series.

operates stores, but licenses individuals and firms to operate them in well defined territories under the Piggly-Wiggly system of self-service. These operators pay the corporation a royalty of ½ of 1% of gross sales receiving in return valuable assistance in purchasing, merchandising and advertising. This system has grown rapidly in recent years and it is understood that present plans call for widespread expansion both in this country and abroad, with consequent financial benefits to those mutually concerned.

Kroger has continued its vigorous expansion policies in the current year, 107 new stores having been placed in operation in the first four months and there have been persistent rumors that it is seeking to acquire control of one or more of the large eastern chain store groups. The latter development would indicate that it is the intention of the company to extend its field to cover the entire nation. Sales for the first eighteen weeks of 1929 registered the tremendous gain of 52.5% over the same period of 1927 and if this momentum is maintained throughout the balance of the year total volume may exceed 300 million dollars. The gradual seasoning of the more recently acquired companies and stores should make itself felt in current earnings and prospects clearly favor a wider margin of profit and larger net income available for dividends.

Cash dividends are presently being paid at the rate of $1 per share annually but were augmented by a 5% stock dividend on April 1st. This stock dividend is the fourth consecutive annual payment and an official statement is to the effect that the company will continue to make similar payments in the future barring, of course, unforeseen developments. On this basis and assuming the sale of stock dividends, the shares yield over 6.10% at recent quotations around 81, on the New York Stock Exchange, which is an exceptionally liberal return particularly when the importance of the company, its excellent record and future outlook is considered.

The shares combining, as they do, the intrinsic qualities of a sound equity investment with an attractive return, have possibilities for substantial appreciation in market value with the unfolding of expansion plans and mergers together with the normal increase in sales and earnings which will undoubtedly attend these developments.



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Detroit Edison	240½	252	11½
Commonwealth Power	117½	153⅜	35⅞
Southeastern Pwr. & Lt.	78½	92⅝	14½
United Gas Improvement	174⅜	190⅞	16½

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NEW YORK CURB MARKET

IMPORTANT ISSUES

Quotations as of May 23, 1929

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Aluminum Co. of Amer.	290¼	146	285⅛
Aluminum Pfd. (6)	108	103½	§107
Amer. Cyanamid "B" (1.40)	62⅝	40⅝	42⅛
Amer. Gas Elec. (1)‡	174	128	154
Amer. Super. Power A (1.2)†	169⅞	62¼	154⅛
Assoc. Gas Elec. "A" (2½)	61⅛	49¼	54⅛
Centrif. Pipe (0.60)*	13	8	8
Cities Service (.30)†	31¼	28⅛	28⅛
Cities Service Pfd. (6)†	98¾	96⅛	98⅛
Cons. Gas of Balt. (3)	112	88⅛	95
Consolidated Laundries	21	16⅝	17⅛
Durant Motors†	20	10¼	10¾
Elec. Bond Share (1)†	102⅝	73	94⅝
Elect. Investors† (3.50 stk.)	163	77⅛	148⅞
Ford Motors of Canada B	72	56⅛	82¼
Ford Motors, Ltd	21⅞	15⅛	17⅝
General Baking*	10⅞	7	7⅛
General Baking Pfd.* (6)	79⅛	68	68
Glen Alden Coal (10)†	139	119¾	§120
Gulf Oil (1.5)†	189	142⅛	174⅛
Happiness Candy Stores	5⅜	3¼	3½
Hecla Mining (1)	23⅞	16	17⅛
Hygrade Food Products	49⅞	34¾	35
International Utilities B	22⅞	14⅛	17⅛
Insur. Securities Inc. (1.40)	32⅞	27⅛	27⅛
Lion Oil Refining (2)*	38⅞	28⅛	33⅞
Lone Star Gas (2)	79¾	67	79¾
Metro Chain Stores	89	70	75¼
Mountain Producers (2.60)†	22⅞	16⅛	16⅛
National Fuel Gas (1)	27½	24¾	25
New Mex. & Arizona Land	9⅝	6	§5½
New Jersey Zinc (new)	87¾	75⅝	79
Nipissing Mining (30c)*	3¾	2⅝	2¾
Pittsburgh & Lake Erie (5)	156⅞	135⅛	139
Salt Creek Producers (3)†	25⅞	18¼	18¼
So'east Pwr. & Lt.	51⅞	27⅝	48
So'east Pwr. & Lt. (4)	99	71⅛	94
Stutz Motors*	34	15⅛	15⅛
Tobacco Products Export†	3¼	2	§2
Transcontinental Air Trans.	30⅞	23⅛	27⅝
Trans Lux	24	5⅝	13¼
Tubize Artif. Silk† (10)	550	360	398
Tung-Sol "A" (1.80)	38	24⅝	36⅛
United Gas & Improv't (4½)	199½	155⅛	198
U. S. Gypsum (1.60)	75⅛	56	71

STANDARD OIL STOCKS

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Continental Oil	29	17¼	21⅜
Humble Oil (1.6)†	124¾	89⅝	116
International Pet. (.75)	65½	46⅛	50
Ohio Oil (2)	74⅜	64⅛	69⅛
Standard Oil of Ind. (2½)†	63	55⅝	56⅛
Vacuum Oil (4)†	133¾	105⅛	119½

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.
§ Bid price.

How the New Tariff Will Affect Business

(Continued from page 203)

bates in Congress have brought out the assertion that 58% of all the beet sugar produced in the United States issues from the mills of a single company. To the farmers, however, the sugar tariff is the great test of the sincerity of the high tariff advocates, as sugar is an outstanding example of an agricultural product which is producible in the United States but at present is mainly imported. Here, they say, is an agricultural tariff that will afford genuine protection instead of theoretical or possible.

Textiles Given Some Aid

The farmers get some more help in the increase of the duty on wool for the manufacture of woolens and worsteds from 31 to 34 cents. The textile manufacturers get a compensatory increase in woolens and worsteds. The textile industries working in cotton, rayon and silk get some more protection, but even long staple cotton gets none, although the duties on flax and flax fiber are increased. Hides, skins, boots and shoes remain on the free list, but are more than likely to be shaken off it before the bill becomes law. Tiles, pottery, glass and glassware join brick and cement in the higher plane of the earths, earthenware and glassware schedule. In the metals schedule pig iron stays at $1.12½, where the President placed it on the advice of the Tariff Commission, alloy steels go up, and so do many other items.

It is quite impossible to review the manufactures schedules at length, but it may be said that out of some thousand tariff increases provided for by the bill about nine hundred relate to manufactures.

Net Effects of Tariff Legislation

In general the effect of the tariff bill, if enacted into law—as it is certain to be—is to increase by about 5% *ad valorem* the present average of tariff charges, making the average rate on manufactures close to 50%, probably the highest in our history with the exception of the Dingley tariff of 1917, whose average was 57%. The agricultural duties are the highest we have ever had. Consequently the prosposed law, as a whole, is by far the most protective. To the extent that high protective tariffs have a real or sentimental effect in the direction of prosperity the coming law will have a favorable effect on business. But there are offsetting effects. There will be some increase in the cost of living, and most important, a depressing influence on our foreign trade. Other countries, notably Canada, incensed that the highest tariff country in the world

should go still further, if only 5%, will enact retaliatory and discriminatory tariffs, and there will be a sentimental disfavor for our products. Thus, our foreign trade will be placed under handicaps at a time when we are in special need of expanded outlets for our over-producing factories. Our imports will be relatively if not actually reduced and consequently it will become more difficult for the United States to play the role of a creditor nation, a role which it cannot escape.

Economic evolution drives us to increased imports as well as exports but our politics drive us in the opposite direction. We have become fundamentally an industrial nation rather than agricultural, but agriculture and finance are at one, still, for high tariffs; and they unite to block the trend toward dominance of the world finance point of view. We are ceasing to be farmers but we are torn between industry and finance—with finance getting the small end of legislative favors.

Will Your Insurance Bills "Go On Forever"?

(*Continued from page* 233)

6% so that at the end of twenty years the total investment fund will amount to approximately $2,800. This fund in turn invested at 6% will produce an annual income sufficient to pay the annual premium of $169 on the ordinary life insuranc policy.

In effect the investment-plus-insurance plan will provide the same relief from premium payments that is automatically provided in the higher cost Twenty Payment policy. In addition to the insurance, however, the plan described here provides $2,800 in investment securities which the heirs will receive over and above the $10,000 death benefit paid by the insurance company.

If a participating company is selected to carry the insurance, the dividends should be invested along with the regular sums provided out of one's earnings. Without any penalties or changes in policy, the insurance can be "paid-up" at any time the insured desires by supplying a sufficient investment fund to carry the premium. Building & Loan shares are an excellent medium for accumulating the desired investment fund because they pay a liberal rate of interest, automatically compounded and reinvested for the investor. In fact the wide selection of investment and savings mediums gives the plan further elasticity which may be desirable for the purposes of many estate builders.

BANK, INSURANCE AND INVESTMENT TRUST STOCKS

Quotations as of Recent Date

NATIONAL BANKS	Bid	Asked
Bank of America, N. A. (4.50)	232	237
Chase (18A)	1110	1117
Chatham & Phenix (16)	855	865
Chemical (new)	121	...
City (4A) new	410	415
Commerce X	1045	1055
First (N. Y.) (100A)	6750	6825
Park (24)	1090	1105
Public (4)	310	315
Seaboard (16)	1110	1125
TRUST COMPANIES		
Irving Trust (new) (1.40)	78	79
Bankers (new) (3)	170	173
Bank of N. Y. & Trust Co. (20)	955	965
Brooklyn	1190	1210
Central Hanover	430	435
Empire (16)	645	655
Equitable (12)	725	733
Farmers' L. & T. (20)	2000	2025
Guaranty (16)	1075	1083
Manufacturers (6)	298	302
New York (new) (5)	297	302
United States Trust (70)	4200	4500
STATE BANKS (NEW YORK)		
Corn Exchange (20)	1068	1075
Manhattan Co. (16)	902	912
State (18)	...	...
United States (units) (6)	209	212
INSURANCE COMPANIES		
Aetna Fire (20)	750	770
Aetna Life (12)	1390	1415
Fidelity-Phenix (2)	97	98
Continental (2)	85¼	85½
Glens Falls (1.60)	68	72
Globe & Rutgers (24)	1490	1515
Great American (1.60)	45	47
Hanover (1)	85	87
Hartford Fire (22)*	1090	1110
Home (20)	605	615
Carolina (1.40)	43	46
Milwaukee Mech. (1.80)*	...	...
National Fire (25)*	1450	1490
Niagara (4)	180	190
North River (8.50)*	443	453
United States Fire (2.40)	138	143
Stuyvesant (6)	455	465
Travelers (24)*	1990	2020
Westchester (2.15)*	81	85
SURETY AND MORTGAGE COMPANIES		
American Surety (6)	170	180
Lawyers Mortgage (2.80)	68	72
Mortgage Bond (8)	175	185
National Surety (10)	120	125
New York Title & Mortgage Co.	71½	72½
JOINT STOCK LAND BANKS		
Chicago	8	16
Dallas (8)	95	110
Des Moines	6	14
First Carolina	12	25
Lincoln (4)	50	65
Southern Minnesota	5	10
Virginia (B)	1	2
INVESTMENT TRUST SHARES		
American Founders Trust com.	106	108½
Do 6% Pfd.	44¾	47¾
Do 7% Pfd.	50	53
Diversified Trustees Shares	26¼	27
Do Series B	22⅞	23⅝
Financial & Industrial Sec. com	...	...
Do Pfd.	...	...
Fixed Trust Shares	22½	23¼
Insuranshares, B 1928	22	23½
Interl. Sec. Corp. of Amer., B.	31	35
Do A	59	62
Do 6% Pfd.	89¼	93¼
Oil Shares, Inc. (units)	66½	72½
Second Intl. Securities	51½	54½
Do 6% Pfd.	44	47
Shawmut Inv.	44	48
U. S. & British Internl. cft.	34	37
U. S. Shares, Series A-1	13⅝	15⅛
Do Series B	...	...

(A) Including div. wherever paid by Securities Companies in some cases. (B) Par $5. * Including extras. (X) Ex-rights.

Uncovering Opportunities in Warrants

(Continued from page 228)

four warrants which would control that same number of shares of stock. Obviously, so long as the Class A stock remains above a price of $75 a share, the warrants would have a definite market value, which will change, point for point, with each advance or decline in the A stock.

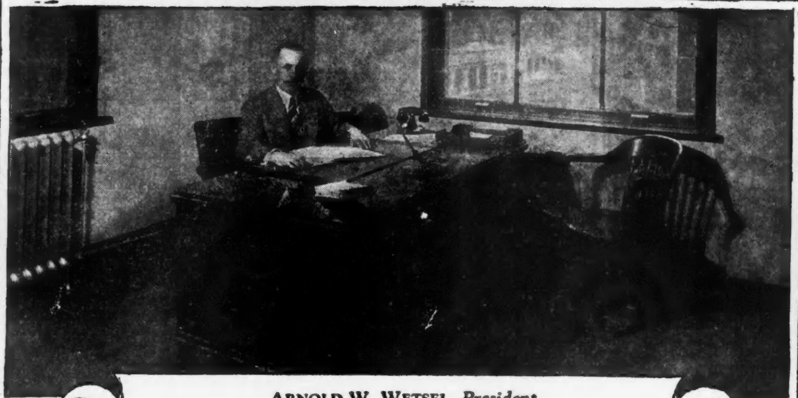
SOUTHEASTERN POWER & LIGHT Warrants

In August, 1925, Southeastern Power & Light Co., offered for public subscription, ten million dollars of its 6% series A, gold debentures, maturing September 1, 2025. To facilitate this financing, the company issued ten warrants with each $1,000 principal amount of these debentures. Each warrant entitles the holder thereof to buy one share of common stock at $50 a share, without limit as to time of purchase.

From the purchaser's standpoint, the advantage of the Southeastern Power warrants lies in the fact that they afford a call upon the common stock unlimited as to time, and at current levels around 45, the holder may control a number of shares of common stock equivalent to the number of warrants held at one-half the cost of such common shares, since the latter sell around 90.

This advantage, however, is counterbalanced by other considerations. Since the holder of the warrants can receive no dividends, he must reckon with the loss of interest on an investment in them. Moreover, Southeastern Power & Light common pays a dividend of 4% annually in stock. Warrant holders, must forego participation in this dividend payment (until such time as they may exercise their option and exchange the warrants for stock) at the same time that their equity is being diluted by the increase in common share capitalization through issuance of common stock dividends on which they can have no claim.

Obviously, investors who are well disposed toward Southeastern Power & Light and, justifiably, regard this as



ARNOLD W. WETSEL, *President*
Wetsel Market Bureau, Inc. — Editor of "Market Action"

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Borden
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Goodrich
International Harvester
Kennecott
Loose-Wiles
Missouri Pac.
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What Is Your Opinion of the Next Major Trend?

Market atmosphere is murky with credit controversies and arguments of whether "prices are too high." Traders and Investors, alike, are most sensitive to the slightest rumor. This has been dramatically demonstrated during the past few weeks when mere rumors have led to heavy selling. What conclusions are to be drawn from this market action? Is patience giving way, and are we to witness further drastic readjustments? This much is certain: the market cannot indefinitely remain at these levels . . . stock prices will either advance or decline *soon* . . . within the next three weeks the next major trend should be indicated.

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N. Y. Central
North American
Packard Motor
Sears-Roebuck
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This table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

	Div. Rate	1929 High	1929 Low	Last Sale May 23, '30
Anglo & London Paris Nat. Bank	$10.00	269½	251	253
American Company	4.00	151⅞	137¾	138
Great Western Power Pfd	7.00	107½	105	106
Pacific Lighting	3.00	84¾	70	81¾
Pacific Telephone & Tel. Pfd	6.00	130	121	127
Pacific Gas & Elec	2.00	67⅞	54	57½
Pacific Gas & Elec. Pfd	1.50	28	26¼	26¼

Industrial and Miscellaneous

	Div. Rate	1929 High	1929 Low	Last Sale May 23, '30
Atlas Imperial Diesel Engine "A"	1.50	65½	50	50½
Byron Jackson Pump Company	1.60	86½	31	40½
California Packing	4.00	81¼	73	74⅝
Caterpillar Tractor	3.00	87⅞	71	81⅜
Clorox Chemical Company	...	50½	38	38½
Crown-Zellerbach Corp. cm. vtc	...	25½	18	19
Crown-Zellerbach Corp. 6% Pfd	5.00	96	91	91
Dairy Dale Company "A"	1.50	31½	23¼	...
Dairy Dale Company "B"	0.75	26½	17½	23
Firemen's Fund Insurance	5.00	151	104⅝	110
Foster & Kleiser (cm)	1.00	13½	10¼	11
Golden States Milk Prod	1.60	60½	52⅝	59¾
Hale Brothers	2.00	24½	21½	22½
Hawaiian Coml. Sugar	3.00	55⅝	50½	53
Hawaiian Pineapple	1.80	65½	59	63
Home Fire & Marine	1.60	46½	39⅝	40½
Honolulu Cons. Oil	2.00	44½	35¼	43½
Illinois Pacific Glass "A"	2.00	47	32	32¾
Kolster Radio Corp	...	79½	32	35
Magnavox Co.	None	13½	6⅞	7½
North American Oil	3.60	38	20	25¼
Oliver United Filters, Inc., "A"	2.00	46	34	35
Oliver United Filters, Inc., "B"	...	45	30	31½
Paraffine Common	3.00	88½	79⅝	83¾
Richfield Cons. Oil	2.00	48⅞	39⅝	44¾
Schlesinger A Common	1.50	21½	16¼	18½
Shell Union Oil	1.40	31½	26	28½
Standard Oil of Calif	2.50	81½	64½	76¼
Union Oil Associates	1.99	53¾	44⅝	'9⅝
Union Oil of California	2.00	53⅞	46¼	49
Yellow & Checker Cab "A"	4.00	53	49⅞	49½

a public utility with promising long term prospects, should give preference to direct investment in the company's common stock inasmuch as the present price relationship of the warrants to the common shares leaves no ground for favoring a commitment in the latter.

ASSOCIATED GAS & ELECTRIC Deb. Warrants — This company's convertible 4½% Gold Debentures of March 1, 1928, were originally offered with warrants, detachable after October 1, 1928. These warrants are dealt in on the New York Curb in units of 25 Debenture Rights, each unit being equal to one warrant. Each warrant entitles the holder to purchase 16 shares of Associated Gas & Electric Class A stock and 9 shares of common at a total cost of $1,000.

Such purchase must be made on or before January 2, 1931, when the warrants will become void and of no value.

Each debenture right is currently selling at a price of 8¼. Accordingly the buyer of 25 debenture rights, costing $206.25, for an additional outlay of $1,000, could secure 16 shares of Class A stock having a present market value at 57, of $912.00, and 9 shares of common stock which, at prevailing prices around 34½, would be valued at $310.50, or a total of $1,222.50, exclusive of commission charges. In other words, by purchasing and exercising the warrants,

the investors could theoretically realize a profit of $16.25, without allowance for broker's commissions, on each unit of Class A and common stocks subscribed for in this manner. Thus the debenture rights would appear to be selling slightly below parity with the stocks on which they are a call up to their expiration date in 1931.

Associated Gas & Electric controls a system of steadily expanding public utility properties enjoying favorable prospects for long term growth. Capitalization is somewhat complicated and earning capacity has not yet reached great enough proportions to justify early expectations of dividends for the common stock. Dividends are being paid on Class A stock at the rate of $2.40 a share per annum, however.

The loss of income resulting from a speculative commitment in the debenture rights, rather than through direct purchase of the Class A and common stock, is partially compensated by the relatively small initial investment required by giving preference to the debenture rights or warrants. Providing better than a two-year call upon the two junior stocks of the company, therefore, the Associated Gas & Electric debenture rights, appear to be a fairly conservative speculation.

In connection with its 6½% Interest Bearing Option Warrants, the company also issued detachable Stock Purchase Rights which now enjoy an independent market upon the New York Produce Exchange. The holder of Stock Purchase Rights may purchase one share of common stock at $30 for each such right, to and including September 1, 1930. In this instance, however, since the rights sell around 9½ and the common stock only 4½ points above the subscription price, the buyer at current levels, in effect, pays a premium of approximately $5 per right for the call privilege.

Important Corporation Meetings

Company	Specification	Date of Meeting
American Telegraph & Cable	Directors	6-1
Life Savers, Inc	Dividend	6-1
Amer. Bond & Share Corp	Directors	6-3
Amer. Railway Express	Annual	6-3
Amer. Rolling Mills	Directors	6-3
Associated Oil	Directors	6-3
Brunswick-Balke-Collender	Pfd. Dividend	6-3
Endicott-Johnson Corp.	Pfd. & Com. Divs.	6-3
Loose-Wiles Biscuit	Directors	6-3
Northwestern Public Service	Directors	6-3
Pennsylvania Gas & Elec	Dividend	6-3
Salt Creek Consol. Oil	Dividend	6-3
Young (L. A.) Spring & Wire Corp.	Div.	6-3
Chesapeake Corp.	Special	6-3
Amer. Superpower Corp	Special	6-4
Brooklyn City R. R.	Special	6-4
Deere & Co	Directors	6-4
Standard Oil of N. J	Annual	6-4
Amer. Surety, N. Y	Special	6-5
Mid.-Continent Petroleum	Annual	6-5
Pure Oil	Annual	6-5
White Rock Mineral Springs	Annual	6-5
National Grocer Co	Special	6-10
Amer. Beet Sugar	Annual	6-11
Penick & Ford Ltd., Inc	Special	6-11
U. S. Realty & Improvement	Annual	6-11
Associated Gas & Elec	Special	6-1

Trade Tendencies

(Continued from page 229)

year) display a very unusual series of achievements. We call attention to the most outstanding of these.

Output of ingots in July, 1928, surpassed the total for June of the same year where normally the July month is a year's low point. Then, too, last October's operations made the peak for the year although customarily, the fall crest in operations is less pronounced than in the Spring. Still another precedent was broken when the tabulation of returns for the final six months showed a 10% gain over the first half-yearly period (almost without exception, the first six months of any year have proved most active for steel manufacturers). The expected December recession hardly made an appearance; this year began with a spurt, that has, even to date, exhibited no sign of fatigue.

As before, stockholders in steel companies, while jubilant over the excellent earnings reported so far, and the prospects for highly satisfactory second quarter results in addition, are nevertheless perturbed by the question—how much longer will it last? It is an economic axiom that phenomenal activity over an extended period of time results finally in a depression—more or less severe. The premise that the steel business is less subject to the influence of this law has found many supporters, and appears to have considerable justification. Let it suffice to say that, for the near term, the makers of the basic metal have a goodly volume of orders on hand and will undoubtedly be plentifully occupied well into the month of July. With the outlook favoring strong activity in the principal consuming channels, prospects for the trade cannot be called impaired, and from current indications, steel company earnings will go a long way toward making new yearly maximums.

AUTO ACCESSORY

Earnings Up Sharply

A compilation of the earnings of principal accessory companies for the first quarter of 1929 reveals an increase in profits of approximately 75% for the group. Securities of companies in the industry have undergone a rise, but not altogether in proportion to the surprising gain in net income registered by the trade as a whole. Some slight uncertainty attaches to the outlook for a maintenance of the sales volume re-

sponsible for the splendid returns for the year to date, and it is upon this angle of the situation, in particular, that the attention of the trade is focused.

Within the past year or so, the automobile industry has exhibited a strong leaning toward contracting for the various parts which go to make up its product, in contrast to a former policy of manufacturing as many accessories as could be conveniently accounted for. With styles changes in auto finishings and decorations almost as variable as in the clothing industry, it is evident that motor car manufacturers soon found it more profitable to permit accessory companies to supply them with parts than to undertake their production themselves. Accessory companies, after all, are a type of specialist, and, with their greater flexibility, are able to vary the turnout of a given article with less trouble and expense than the average automobile company.

Perhaps the leader in this movement is the Ford Motor Company. Providing that this great organization adheres to its present conduct, a substantial volume of business is made permanently available to accessory companies. Output of cars is currently at higher rates than in any preceding years; the aviation industry offers an almost unlimited field for expansion of equipment sales; with increasing disposal of American cars abroad, replacement equipment also finds an enlarged foreign market.

In the last analysis, the industry must be considered a dependent one, though, and its success is predicated upon the maintenance of a strong position in the automobile trades. Outlook for earnings for the second quarter of the year is considered bright; it may well be that the year 1928 will prove a highly profitable one for the stronger companies in the accessory industry.

APPAREL

Outlook More Cheerful

In general, this industry (a combination of the clothing, knit goods, shirt and collar and hosiery trades) is subject to several difficulties peculiar to its business alone. There is the element of style change, which in a very short time can make stocks of goods "obsolete" and highly difficult to sell. Extreme variations in weather conditions can transform a sales outlook of excellence into one of uncertainty and depression; the existence of an innumerable number of so-called marginal producers brings about a flood of offerings at low prices at the first sign of strength in the general situation in

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value May 20, 1929, Times Earnings	Dividend Rate
A W P Paper Company	1st quar.	.03(b)	93	.59(b)	7.5(g)	—
Aeronautical Industries, Inc.	4 mos.	NR	NR	1.43	6.2(g)	—
American Commercial Alcohol	1st quar.	.03	23	1.61	8.0(g)	—
Amer. La France & Foamite	1st quar.	(d)	39	(d)	—	—
American Seating Company	1st quar.	.01(b)	69	.20(b)	43.8(g)	3
Ancor Cap Corporation	1st quar.	.02	ND	.65	20.4(g)	2.40
Associated Oil Company	1st quar.	.01	18	.47	24.0(g)	2
Atlas Tack	1st quar.	NR	NR	.40	8.7(g)	—
Auburn Automobile	3 mos.	.06	19	3.27	18.7(g)	4(a)
Bingham Mines Company	1st quar.	NR	NR	1.69	8.9(g)	2
Bohack (H. C.) Company	13 wks.	.03	ND	1.39	14.4(g)	2½
Brockway Motor Truck	1928	.14	3	4.53	11.3	3
Brown Shoe Company, Inc.	6 mos.	.04	ND	1.65	12.4(g)	2½
Calumet & Arizona Mining	1st quar.	.05	ND	4.38	7.2(g)	10
Certain-teed Products Corp.	1st quar.	(d)	53	(d)	—	—
Columbian Carbon	1st quar.	.05	ND	2.32	16.8(g)	4(a)
Consolidated Cigar Corporation	1st quar.	.02	2	1.72	12.3(g)	7
Cuba Company	9 mos.	.02	73	2.30	5.9(g)	—
Dominion Textile Co., Ltd.	Year	NR	NR	6.47	16.1	5
Equitable Office Building	Year	NR	NR	2.31	16.8	2½
Fairbanks Company	1st quar.	.08	50	(d)	—	—
Foundation Company	1st quar.	(d)	4	(d)	—	—
General Cable Corporation	1st quar.	.03	45	.76	15.8(g)	—
General Motors	1st quar.	.07	ND	1.37	14.2(g)	3
Glidden Company	6 mos.	.05	2	1.75	12.9(g)	1½(a)
Graham Paige Motors	4 mos	.05	21	.64	16.6(g)	—
Granby Consol. Min., Smelt. & Pr.	1st quar.	.04(bc)	ND	2.09(bc)	8.6(g)	7
Hahn Department Stores	12 mos.	.15	8	3.23	12.7	—
Hecla Mining Company	1st quar.	NR	NR	.49	9.1(g)	—
Houdaille-Hershey Corporation	1st quar.	.12	ND	1.69-B	7.3(g)	1½
International Safety Razor	4 mos.	.43	ND	1.28-B	9.0(g)	2(a)
Investment Co. of America	1st quar.	.10	53	5.91	2.0(g)	—
Ludlum Steel Company	1st quar.	.10	27	1.87	11.2(g)	2
Macandrews & Forbes	1st quar.	.02	ND	.67	14.4(g)	2.60(a)
Mack Trucks, Inc.	1st quar.	.03	4	1.89	13.1(g)	6
Marland Oil	1st quar.	(d)	27	(d)	—	—
Mid-Continent Petroleum	1st quar.	.03	11	1.10	8.0(g)	2
National Supply Company	1st quar.	.03	ND	2.80	11.1(g)	5(a)
Nevada Consolidated Copper	1st quar.	.08(bc)	1	1.38(bc)	8.1(g)	3
Newport Company	1st quar.	.04	44	1.03	12.5(g)	3
Oil Stocks, Ltd.	Year	.23	ND	2.80-AB	6.2-A	.50
Pan Amer. Petroleum & Trans.	4 mos.	.09	32	3.65-A	3.0	—
Park & Tilford	1st quar.	.06(b)	51	1.03(b)	14.0(g)	3
Pierce-Arrow Motor	4 mos.	.09	32	3.65-A	3.0	—
Pure Oil Company	Year	.07	11	3.05	9.4	1½
Reynolds Spring Co.	1st quar.	.01	19	.09	23.6(g)	—
St. Regis Paper Company	1928	.08	48	7.50	20.5	3
Seneca Copper Mining	1st quar.	(d)	33	(d)	—	—
Standard Oil of N. J.	1928	.10	15	4.43	13.1	1(a)
Stewart-Warner Speedometer	1st quar.	.07	ND	1.71	10.6(g)	3½
Thompson (John R.) Company	1st quar.	.03	3	1.10	10.5(g)	3.60
Thompson Products, Inc.	1st quar.	.07	ND	1.41-AB	11.0-A(g)	1.60
Tide Water Associated Oil	1st quar.	.01	12	.11	45.5(g)	—
Tide Water Oil	1st quar.	.01	ND	.29	31.9(g)	.80
Tonopah Mining	1928	NR	NR	.37	9.1	.15
Trans-Lux Daylight Pictures	1928	.04	7	.35	33.5	—
Trico Products	1st quar.	.16	ND	1.79	72.7(g)	2½
Tung-Sol Lamp Works, Inc.	1st quar.	.12	ND	.77	9.3(g)	.80(a)
United Carbon Company	1st quar.	NR	NR	.65	25.2(g)	—
United Shoe Machinery	Year	.10	ND	3.33	20.6	2½(a)
United States Realty Impr't	Year	.09	66	5.70	16.1	5
Vulcan Detinning	1st quar.	.02	ND	0	—	—
Weston Electrical Instrument	1st quar.	.01	ND	1.27	8.4(g)	—

RAILROAD STOCKS

Central Railroad of New Jersey	1928	.05	51	22.05	14.2	8(a)
Cleve., Cin., Chic. & St. Louis	1st quar.	NR	NR	4.08	15.5(g)	8
Colorado & Southern	1928	.07	69	11.37	9.7	3
Inter'l Rys. of Central America	1928	.05	57	5.76	8.2	—
Kansas City Southern	1928	.04	89	7.02	12.0	5
Minn., St. Paul & S't Ste. Marie	1928	.04	164	4.82	8.3	—
Nash., Chattanooga & St. Louis	1928	.08	51	18.58	10.4	(x)
New York Central	1928	.07	86	10.86	16.9	8
New York Central	1st quar.	.04	83	2.34(w)	14.1(g)	8

Recent Reported Earning Position of Leading Companies

(*Continued from page 266*)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value May 20, 1929, Times Earnings	Dividend Rate
New York, Chicago & St. Louis..	1928	.06	112	12.48	11.0	6
Pittsburgh & Lake Erie.........	1st quar.	NR	NR	1.70	20.9(g)	5
Pittsburgh & West Virginia.....	1928	.05	16	6.74	20.0	6
Western Pacific	1928	NM	5	(d)	—	—

PUBLIC UTILITIES

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value May 20, 1929, Times Earnings	Dividend Rate
Columbia Gas & Electric........	12 mos.	.10	34	7.26	10.0	2
Commonwealth Power	12 mos.	.06	59	6.15	24.6	3
Houston Gulf Gas	1st quar.	NR	NR	.85(b)	5.0(g)	—
International Paper & Power....	1st quar.	NM	87	(d)	—	.60-A
Montana Power	1928	.07	80	3.64	19.4	5
United Light & Power	12 mos.	.10	391	1.64-AB	22.9-A	.48

(a)—And extra. (b)—Before taxes. (c)—Before depletion. (d)—Deficit. (g)—Figured on basis of estimated yearly earnings as indicated by period reported. (w)—Excluding a dividend equivalent to $4.00 per share by Michigan Central. (x)—Stock dividend of 60% subject to the approval of stockholders at meeting July 9, 1929. ND—No funded debt. NM—Negligible. NR—Not available.

any particular apparel branch. However, for the year to date, sales volumes have been satisfactory in almost all fields, while profits are reported as better in several lines.

Clothing manufacturers have enjoyed a relatively stronger position than has been their lot for several years. Sales and turnover of stocks are increasing through a greater number of direct sales outlets for retail trade, while lowered costs of raw materials (woolens and the like) aid in establishing larger profit margins. Late months have witnessed several consolidations and mergers which make for savings in manufacturing expenses. Although the absorption of small competing companies is practically hopeless in this branch of the trade, the larger organizations are strongly entrenched, and outlook over the next few months is acknowledged good.

The hosiery business has produced splendid profits, on the whole, for companies in the industry. However, some overproduction is making an appearance, while the possibility of the widespread acceptance of the "bareleg" fad will undoubtedly go far in making inroads upon volume of sales. The trade is making a strenuous effort to counteract the possible effects of such an event, but, in many quarters, it is doubted that they will be of much avail. Nevertheless, until the summer months actually arrive, profits are expected to remain satisfactory—even in the face of the late decrease in hosiery prices. For the longer term outlook some degree of certainty is present.

Shirt and collar makers suffer from an excessive amount of competition, which is reflected in selling prices that yield negligible returns to manufacturing companies. Although sales volumes are generally strong, profit possibilities are not in evidence at this time and the prospects for this branch is overclouded. In other lines, expanded sales aggregates do not always produce bettered net returns, but, broadly speaking, the industry is in a position to show more favorable results.

A Real-Life Story of Family Investment

(*Continued from page 237*)

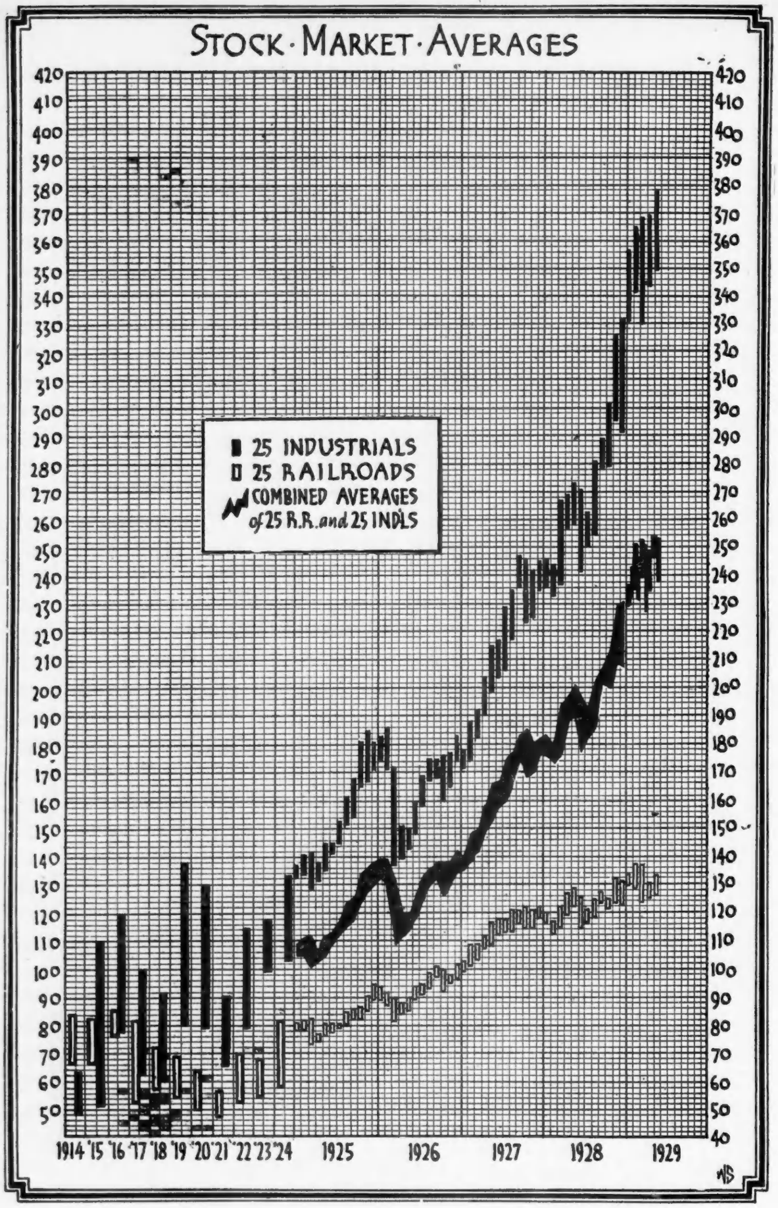
Dairy Products, Armour and Company of Delaware, Philadelphia Company secured and Bethlehem Steel.

Her Public Utility bonds were of the type of American Telephone and Telegraph, Cities Service Power and Light, Suburban Light and Power, and Consolidated Gas of New York.

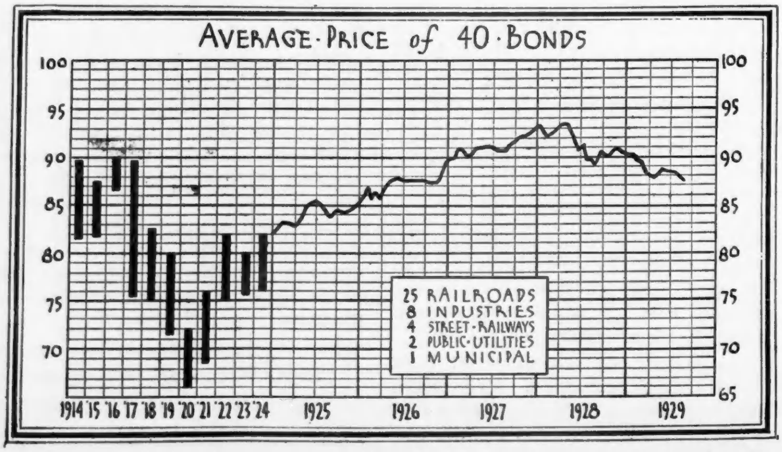
If the bonds in her list do not as a whole attain to the gilt edge ranks, they nevertheless bear a good rate of interest compatible with safety, which latter was the main motive actuating her in her purchases, they possess a feature invariably characteristic of safe bonds, that of ready marketability, as also bear satisfying premiums as calling price.

And these bonds are pretty evenly distributed among the five major groups—government, railroads, real estate mortgages, public utilities and industrials.

Bring Your Life Insurance Problems to B. Y. F. I.



Market Statistics Will Be Found on Opposite Page



Financial Personalities

W. RANDOLPH BURGESS, Assistant Federal Reserve Agent of the Federal Reserve Bank of New York, and Professor O. M. W. Sprague of Harvard University state in their survey of "Money and Credit and Their Effect on Business" which forms a part of the "Report of the Committee on Recent Economic Changes of the President's Conference on Unemployment," that "A sufficient period has now been covered by the operations of the System (Federal Reserve), so that the evidence seems reasonably conclusive that the presence of the Reserve System has made a substantial improvement in the stability of the money market."

* * *

H. PARKER WILLIS, Editor of the "Journal of Commerce" and Professor of Banking at Columbia University, criticized the Federal Reserve System's policy toward credit and speculation in his speech before the annual convention of the Pennsylvania Bankers' Association on May 17th. "Instead of moderating the financial climate," said Dr. Willis, "we have a Federal Reserve policy which has first given us fabulously low rates for a long time, both for acceptances and for rediscounts, and now have followed that by a reserve policy which gives us high rates and suggests the periods of stringency in the nineties."

* * *

JOHN J. RASKOB, who resigned the chairmanship of the finance committee of the General Motors Corporation to direct the Smith Presidential campaign, has been reelected to membership on the same committee. Donaldson Brown has been elected to Mr. Raskob's former position as chairman of the committee.

* * *

IT is with regret that many will learn of the death on May 23rd of Rear Admiral Louis Maurice Josephthal, commander of the New York Naval Militia and head of the brokerage firm of Josephthal & Company of 120 Broadway.

* * *

GEORGE K. MORROW has been elected chairman of the board of Gold Dust Corporation. Randolph Catlin has been elected president to succeed Mr. Morrow.

* * *

JOHN J. O'BRIEN has been elected president of the Philadelphia Company to succeed A. W. Robertson who resigned some months ago to become chairman of the board of the Westinghouse Electric & Manufacturing Company.

KEEP POSTED

"WHAT IS THE CLASS A STOCK?"

An analysis of the Class A Stock of the Associated Gas & Electric Company, including charts, figures and descriptive information indicating the progress of the properties back of Associated securities. (492).

MARKET ACTION

is the title of a bulletin issued every week by a large financial service house, which will keep you advised of the opportunities offered with every turn of the market. Send for your complimentary copy today. (493).

SEND TODAY

for "Four-Year Analysis" of Financial Investing Co. of New York, Ltd., one of the United States Fiscal Corporation group. (533).

KEYSTONE INDUSTRIES

reviews monthly some phase of the leading natural resources of the Dominion of Canada. Issued by Williams, Brochu & Co., Inc., a prominent Montreal investment house, this circular will be sent gratis. (534).

MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 Stocks		
	40 Bonds	20 Indus.	20 Rails	High	Low	Sales
Thursday, May 9	87.93	321.17	150.85	250.51	246.12	3,657,310
Friday, May 10	87.98	325.70	151.80	253.34	248.65	3,919,880
Saturday, May 11	87.91	324.59	151.81	252.88	250.60	1,977,700
Monday, May 13	87.89	316.49	150.63	251.43	245.16	4,626,290
Tuesday, May 14	87.83	320.79	149.53	249.99	244.81	3,634,300
Wednesday, May 15	87.74	319.35	149.34	251.29	247.04	3,351,880
Thursday, May 16	87.70	320.09	149.08	250.05	245.68	3,443,210
Friday, May 17	87.74	321.38	149.26	252.36	248.02	3,383,640
Saturday, May 18	87.68	321.48	149.15	251.34	248.74	1,249,640
Monday, May 20	87.66	312.70	151.49	253.56	245.39	3,811,850
Tuesday, May 21	87.58	314.09	153.06	249.08	243.62	4,409,520
Wednesday, May 22	87.26	300.83	149.26	245.35	238.02	4,844,130

Statistical Record of Business

	Week Ended May 18, 1929	Week Ended May 25, 1929	Year Ago
Volume Stock Exchange Transactions (shares)	19,638,960	21,362,180	14,800,250
Average Price Magazine of Wall Street Index	162.9	154.3	138.3
Volume Bond Transactions ..	$46,936,500	$57,194,500	$55,746,250
Average Price 40 Bonds	87.89-87.68	87.66-86.95	92.98-92.24
Brokers Loans (Federal Reserve)	†$5,565,000,000	‡$5,520,000,000	$4,456,000,000
Comm'l Loans Federal Reserve Member Banks	$9,915,000,000	$9,078,000,000	$8,915,924,000
Federal Reserve Ratio	75.1	75.9	70
Gold Holdings	$3,011,523,000	$3,008,131,000	$2,795,385,000
Rediscount Rate, N. Y.	5%	5%	4½%
Debits to Individual Accounts.	†$17,645,000,000	‡$17,669,000,000	$16,349,000,000
Call Money	6%	6%	6%
Time Money (90 days)	9%	9%	5½%
Commercial Paper	5¾%	6%	4½-4¾%
Acceptances (90 days)	5⅝-5½%	5⅝-5½%	4⅛-4%
Dun's Business Failures	475	410	426
Weekly Food Index (Bradst's).	$3.33	$3.32	$3.35
	April 1	May 1	
Wholesale Prices (Bradst's)...	$12.87	$12.68	$13.44

Industrial Barometers

	March	April	Year Ago
U. S. Steel Unfilled Tonnage..	4,410,718	4,427,763	3,872,133
Steel Ingot Production	5,058,258	4,938,025	4,305,382
Pig Iron Production	3,714,473	3,662,625	3,185,504
Pig Iron Furnaces in Blast....	212	215	196
*Copper Production (short tons)	107,253	110,313	67,423
Car loadings	4,807,944	3,983,978	3,740,307
Automobile Production	584,733	620,656	410,104
Building Permits (Bradstreet's)	$365,545,660	$476,719,015	$288,627,981
Petroleum Production (bbls.).	82,515,000	....	75,037,000
Bituminous Coal Production (net tons)	39,347,000	36,888,000	32,188,000
Cotton Consumption (bales)..	632,808	613,710	524,765
Spindles active	31,103,998	30,924,184	30,950,340
Wool Consumption (lbs.)	51,447,103	....	49,122,328
Railroad Earnings	$97,466,476	....	$90,876,037
% on Railroad Property invested	5.00	....	4.75

Foreign Trade

	March	April	Year Ago
Merchandise Exports	$486,000,000	$427,000,000	$363,928,000
Merchandise Imports	$383,000,000	$409,000,000	$345,314,000
Gold Exports	$1,635,000	$1,594,000	$96,469,000
Gold Imports	$26,470,000	$24,687,000	$5,319,000

Distributive Trades

	March	April	Year Ago
Mail Order Sales index number 1923-5—100%	129	142	113
Chain Stores Sales index number 1923-5—100%	137	184	155
Dept. Store Sales index number 1923-5—100%	85	110	103

*U. S. Mines. † May 15. ‡ May 22.

Real Objectives of Super Holding Company

(*Continued from page* 222)

mates obviously do not consider other income, market appreciation on holdings, and further acquisitions later in the year. Nor does this estimate take into account United's equity in undistributed profits of companies in which it has invested.

As to United Corporation's future moves on the Eastern utility chessboard, the accompanying chart suggests a few possibilities. Stocks of some of the companies shown are already included either directly in United's miscellaneous investment account or indirectly as investments of companies in which United holds a controlling influence. It is also probable that United Corporation will acquire from time to time additional stock of the five chief companies already held in its portfolio, either through purchase in the open market or through exchange offers to stockholders.

To mention some specific examples, Consolidated Gas Company of New York fits in well in the United Corp. picture as do the two upstate utility companies, the Buffalo, Niagara & Eastern Power Corp. and the Northeastern Power Corp. This latter company is controlled by the St. Regis Paper Company, which owns 52% of the equity. National Power & Light Co., an Electric Bond & Share utility, with important properties in the industrial part of eastern Pennsylvania, is another candidate for United Corp. American Waterworks & Electric Co., Inc., controlling extensive electric properties in Maryland, West Virginia, along the Ohio River, and in the highly industrialized part of Western Pennsylvania dovetails into the picture and eventually may be included. Acquisition of investments in New England public utility companies is also a logical move. More remote seems large scale acquisition of stock of Southeastern Power & Light Corp. and United Power & Light Co.

Bearing on the expansion policies of the United Corp. is the appearance on the scene of another utility superholding company, the Commonwealth & Southeastern Corp., organized on May 23rd of this year by interests identified with Bonbright & Co. Working control will be obtained of three utility systems, namely, the Commonwealth Power Corp., the Southeastern Power & Light Corp. and the Penn-Ohio Edison Co., by ownership of more than 40% of the common stocks, valued in excess of $250,000,000 at the present market. It is probable, in view of the identity of the banking interests, that the Commonwealth and Southeastern Corp. and the United Corp. will work together harmoniously with the eventual segregation of the stocks of those companies in which each is interested.

The expansion policies of the United Corporation, as suggested above, of course are largely conjecture but that the investing public places a large speculative value on the future possibilities of this enormous holding company is indicated by the fact that at its current price of 65 the stock is selling for about 75% more than its liquidating value, or in other words, the equivalent number of shares in United's portfolio can be purchased for considerably less than the valuation set on them by the market price of United Corp. common stock. Occupying the key position to the Eastern utility situation, however, United will undoubtedly profit from prospective mergers in this territory as well as from the further natural growth in the utility business. Expansion of the company may mean the issue of valuable rights to the stockholders, but to do this the authorized common capitalization must first be increased. Backed by the most powerful financial interests and indirectly bringing together the outstanding leaders in the utility field, important developments are pending. The common stock of the United Corp. assures the purchaser a share in these developments and the appreciation which accrues to the equity when these materialize. On any sizable market reactions, the stock may be purchased for long pull holding.

What Supreme Court's Decision Means to Rail Investors

(*Continued from page* 207)

the revised valuations of the railroads by the Commission.

Many guesses have been made as to the railroads that will profit most by the O'Fallon decision. Any figures that may be suggested can be no better than fairly good approximations. So much depends upon the extent to which the Commission gives effect to "the cost of reproduction new."

In general it may be suggested that the greatest benefit will come to two classes of railroads. First, those with a fairly satisfactory valuation—like the Atchison—and with large earnings, such as it returns each year. The Chesapeake & Ohio, Norfolk & Western and Atlantic Coast Line naturally come within the same category. It has been estimated that the Atchison, on its present valuation, owes the Government over $25,000,000 for accrued recapture money from 1921 to 1928. The Chesapeake & Ohio is set down as owing $35,000,000, Norfolk & Western $28,000,000, New York Central $27,000,000, and the St. Louis-San Francisco $20,000,000. These amounts would be reduced materially by the higher valuations that the Commission must fix if it gives due effect to "the cost of reproduction new."

A material revision upward in the valuation of the St. Louis-San Francisco would be particularly important to that company and its stockholders. Those who are most familiar with its position believe that the low permanent valuation, which is understood to have been practically decided upon by the Commission, but not officially announced, has been the principal reason for the low prices at which the common stock, receiving dividends at the rate of 8% a year, has been selling for some time. This road is a good illustration of the sound class of carriers that should benefit especially from the O'Fallon decision.

Naturally railway executives are not saying anything about the matter in an open way, but it may be stated without fear of contradiction, that they believe one of the most salutary effects of the majority opinion of the Supreme Court in the O'Fallon case will come from the stern rebuke administered to the Interstate Commerce Commission by Justice McReynolds.

Railway executives have felt for some years that the I. C. C. was greatly exceeding the supervisory and regulatory powers delegated to it by Congress and was going far into the managerial field. In this belief they have had the hearty support of Thomas F. Woodlock ever since he became a member of the Commission, to the same extent as in the years before, when he was best known as the leading authority, among Wall Street writers, on railroad finance and all the big problems of railroad management. In practically every decision that he has handed down, Mr. Woodlock has not failed to declare himself emphatically on this point.

In this connection the statement by Justice McReynolds in his majority opinion is particularly significant. "The function of this Commission is not to act as an arbiter in economics, but as an agency of Congress to apply the law of the land to facts developed of record, committed by Congress to our jurisdiction."

Could anything be plainer? Still, he continues: "In the exercise of its proper function this Court has declared the law of the land concerning valuations for rate making purposes. The

Commission has disapproved the approved rule and has thereby failed to discharge the definite duty imposed by Congress."

Once again, asserting that he could not agree with the lower Court's decision in the O'Fallon case, in its failure "to determine whether the Commission obeyed the statutory mandate touching valuations," Justice McReynolds declared that "whether the Commission acted as directed by Congress was the fundamental question presented. If it did not, the action taken being beyond the authority granted, was invalid. The only power to make any recapture order arose from the statute."

Answers to Inquiries

(*Continued from page* 238)

company, although the addition of 236,000 shares through conversion of the $11,800,000 convertible debenture 5½s might serve to retard per share earnings in the current year. Financial position is comfortable, although bank loans increased to $23 millions at the end of 1928 against $11 millions a year ago, due mainly to expenditures for construction of a new coke oven plant at the company's Greenpoint works, which will be turned over to the Koppers Co. and the proceeds used to liquidate a major portion of outstanding floating debt. Incidentally, the sale of the new coke oven plant will assure the company, through a contract of the total supply of gas from this source for the next 25 years at a price from 6 to 6½ cents per thousand cubic feet lower than it could be manufactured direct. There seems no serious bar to future material progress and while present prices of the shares discount the future some distance ahead, that seems offset to an appreciable extent by the excellent long term prospects of the enterprise. In the meantime, the company has been mentioned from time to time in the past in connection with possible merger negotiations which might conceivably eventually be consummated on a basis favorable to Brooklyn Union Gas shareholders. Definite evidence is lacking at this time indicating a split up of the shares within a reasonable period. On the whole, we are confident patience will bring its own reward, and hesitate to advise a sacrifice sale at this writing.

CONTINENTAL BAKING

Thanks to the detailed analysis in your January 26, 1929, issue, I purchased 40 *shares of Continental Baking A at* 53 *and,*

as a speculation, 40 shares of the B stock at 9. I now have a total profit of close to $1000. Shall I accept it? Are dividends on the A stock in prospect before long?—A. L. O., Hannibal, Mo.

Continental Baking Corporation, incorporated in November, 1924, ranks as the largest baking company in the United States, earnings of which followed a distinct downward trend since inception through the greater part of 1928, but the corner appears to have been definitely turned in the closing weeks of last year, net income in the ten weeks ended December 29, 1928, showing a balance equal to $1.56 a share of class A stock against $2.59 a share in the 43 weeks ended October 20, 1928, preceded by net equal to $5.09 a share in the full 1927 year and $8.05 a share in the period ended December 25, 1926. Further encouraging improvement has been registered this year, results in the 15 weeks ended April 13, 1929, showing a balance equal to $2.18 a class A share contrasted with a deficit, after preferred dividends, equal to 67 cents a class A share in the same period of 1928. Earnings of the company were hampered in the earlier stages of its career by exceedingly keen competitive conditions, as well as over-expansion, later improvement being brought about by a policy of retrenchment under the guidance of a new management, accompanied by the sale of surplus operating units, together with increasing sales of the company's new "Wonder Bread" and larger sales of cake. Further stimulation of sales is indicated through the continuation of a vigorous national advertising campaign which, together with the introduction of numerous operating economies and other betterments, holds forth promise of finding tangible reflection in material expansion in net income for the full 1929 year. On the whole, the company's outlook seems brighter than for some time past. However, as you doubtless know the Class A is entitled to non-cumulative dividends at the annual rate of $8 a share before any payment is possible on the class B, so that as matters now stand, the latter issue has no equity in either assets or earnings of the enterprise. While it is generally understood that directors are awaiting the first favorable opportunity to revamp capital structure, which might considerably result in materially improving the position of both the class A and B in relation to earnings, action in this connection is likely to be deferred pending definite indications that the recent improvement in earnings will be maintained indefinitely. Nevertheless, resumption of dividends on the class A seems several stages nearer, and while that issue has advanced materially since your purchase, we believe retention justified for the time being at least pending developments. However, at the present writing there is little incentive to retain the class B.

ILLINOIS CENTRAL RAILROAD

What is the nearby outlook for Illinois Central common? I have 50 shares bought in February at 147, so that my present paper loss is over $500. Is this road likely to be included in a combine which may increase the price of its stock?—C. M. R., Muncie, Ind.

With its corporate existence extending over a period of 75 years, Illinois Central Railroad is one of the few major systems of the country which has never passed through a reorganization. The road ranks as the leading North and South trunk line of the United States, serving the fertile agriculture territory of the Mississippi Valley and the rich coal deposits of Southern Illinois. The leading factor in freight traffic is bituminous coal, accounting for over one-third of the total tonnage and with sand, gravel and clay products constituting nearly one-half of all freight. Gross revenues in the first two months of the current year were the highest for that period ever reported, although February net operating income, while above a year ago, was below that of the three preceding years. Increases in gross revenues occurring in the first two months were not maintained in March, when revenues dropped 4.7% compared with the year before and with expenses in March reduced only 2%, a decrease of 15% in net operating income was registered. For the first three months gross was 9/10ths of 1% ahead of year ago, but with operating expenses 2/10ths of 1% less, net operating income showed a slight gain of 1.8%. The decline in revenues in March was due to a falling off in coal shipments, compared with a year ago, although this appears to be a temporary condition. Conditions in the territory served seem favorable to continued expansion in gross revenues in coming months, although definite indications are lacking for sharp expansion over earnings equal to $8.96 a share reported in the full 1928 year, but encouraging progress along the lines of reduced operating ratio may be expected to aid in accomplishing that end. The road has an excellent past record, which is evident by the fact that barring two of the earliest years, dividends have been paid at varying rates in every year since organization, the present $7 rate having been in force since 1917. Merger possibilities do not seem a factor in the present position of the company. Nevertheless, we are optimistic regarding the road's long term outlook, and while the common shares are not speculative favorites, as an investment for the longer term holding we believe the issue suitable to hold rather than effect a sacrifice sale at this time.

AMERICAN SUGAR REFINING COMPANY

Your advice to hold on to American Sugar Refining common when it dipped below 75 last March has worked out very satisfactorily. I can now sell at a slight profit but in view of the recent resumption of the $5 annual dividend, I hesitate to do so. What is the proposed sugar tariff likely to mean to this company? I would greatly appreciate your opinion and analysis at this time.—S. A. F., Taunton, Mass.

The irregular earnings and dividend record of the American Sugar Refining Co., precludes an investment rating for the common stock but with the recent resumption of dividends, the shares yield a liberal return and as there is nothing in prospect at this time which would be likely to have a drastically unfavorable effect upon earnings, we would be inclined to advise retention of present commitments. Benefiting from the wider margin between prices for refined and raw sugar, earnings of the company in 1928 were the best since 1922, being equal to $7.60 per share on the common stock, after preferred dividends. In 1927 net income amounted to only $1.49 per share of common stock. Early this year funded debt was reduced to $24,700,000 by the retirement of $5,000,000 of the 6% bonds and the year-end balance sheet revealed an unquestionably strong financial position with cash in excess of $27,800,000 in contrast with current liabilities of $6,155,625. Extensive improvements involving the expenditure of about $1,276,000 were made during 1928 which should aid the company in more economical operations. The resumption of dividends on the common stock after payments had been discontinued early in 1928 may be construed as indicating that the management feels assured that the spread between prices for raw sugar and the refined product will continue sufficiently wide to enable the company to maintain a satisfactory margin of profit and insure adequate support for dividends. The increase in the tariff, which is by no means certain, is not likely to materially affect earnings one way or another, all other things being equal.

INDEPENDENT OIL & GAS CO.

Would you recommend buying Independent Oil & Gas around 38? I have read that earnings for the first quarter of this year amounted to $1.50. Has it merger possibilities?—M. M. H., Jacksonville, Florida.

Although primarily a producing unit, the Independent Oil & Gas Co. has been making notable progress in

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THE PARTIAL PAYMENT
method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

"BUILDING A LARGER INCOME WITH SAFETY"
A 36-year old investment house has issued this booklet containing practical information on how to obtain the five cardinal qualities of safe and profitable investment. (285).

THE KNACK OF CORRALLING DOLLARS
is the title of an instructive booklet issued by The Prudence Company, Inc. It points the way to financial independence through the accumulation of guaranteed Prudence-Bonds. Among other things, it shows how they may be purchased through monthly payments of $10 or more, the investor receiving 5½% interest on his payments. A copy of this interesting booklet will be sent to you without obligation upon request. (316).

FOR INCOME BUILDERS
This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

A DICTIONARY OF INVESTMENT TERMS
is the title of a very interesting booklet offered free to investors by a leading Chicago bond house dealing principally in public utility bonds and stocks. It defines practically all the terms used in financial literature and contains much other helpful information of interest to investors. (515).

THE DAYTON AIRPLANE ENGINE CO.
An interesting study, "The Engine Division of Aviation as it relates to The Dayton Airplane Engine Company," has been prepared for distribution by R. G. Harper & Co. and will be sent to you on request. Ask for (518).

ATTRACTIVE INVESTMENTS
Arthur Atkins & Co. have prepared a descriptive folder calling attention to four Investment Trust and four Public Utility issues which they consider attractive and outstanding. (527).

PAINE WEBBER REVIEW,
published semi-monthly by the well-known New York Stock Exchange house, will be gladly sent to you on request. It contains besides general comment on the developments in the stock market, specific recommendations of securities. Ask for 521.

MOTH AIRCRAFT CORPORATION
Rebhann & Osborne have prepared a circular on the above corporation. Moth is in actual production and has orders booked for several months. (539).

FEDERATED CAPITAL CORPORATION
An investment trust of the British type. Earned 18.7% on average capital during year ended April 30, 1929, showing net profits of $910,288. Descriptive circular issued by P. H. Whiting & Co., which will be forwarded on request. (540).

NEW YORK TITLE & MORTGAGE CO.
A circular showing the growth and liberal dividend policy of this well managed company will be sent to you if you ask for (541).

NATIONAL ASSETS CORPORATION
A descriptive circular relative to participating in securities of banks, trusts, insurance and surety companies. Mr. Frank White, formerly United States treasurer, has associated with him men of known character and experience in the banking and business world. This is outlined in the circular (542).

extending its activities to include the other major phases of the oil industry. Through an exchange of stock last year, Independent acquired control of the Manhattan Oil Co. properties of which included a 6,000 barrel refinery at Kansas City, 265 miles of pipe line 228 tank cars, two natural gasoline plants, important producing properties in Kansas and Texas, 450 wholesale and retail outlets and about 90,000 acres of undeveloped oil lands. This move materially strengthened the position of the company and should make for a greater stability in future earning power. In spite of the handicap of a $300,000 deficit in the first six months, earnings for the full 1928 year registered a substantial improvement of those in the previous year, and net income was equivalent to $3.81 per share on the 1,333,572 shares of common stock outstanding at the close of the year as compared with $3.56 on 650,000 shares for 1927. A further gain was shown in the first quarter of the current year, earnings after interest, taxes, depreciation and depletion amounting to $1.51 per share. In the initial three months of 1928 a deficit of over $419,000 was shown. The current improvement might have been more pronounced had it not been for lower production and reduced prices for both crude oil and gasoline. Most of the company's producing properties are located in the Seminole and Winkler fields where production has been restricted by pro-ration measures. The latter situation serves to inject some uncertainty in the immediate outlook, depending upon the extent to which it may be necessary to further curb production in those fields in order to prevent excessive output and the accompanying undesirable results. The shares can only be regarded as a speculative vehicle but the maintenance of the upward trend in earnings would justify higher quotations. The situation might be watched with a view to making moderate commitments if conditions in the industry continue favorable.

SHELL-UNION OIL CORP.

Since 1927 I have 100 shares of which cost me 31. Deducting for my rights of last December which I sold I can make a profit at current levels. Shall I close out this investment? I am getting impatient because of the slowness of the stock to move up in value.—O. C. S., Lincoln, Neb.

Shell-Union Oil Corp. is one of the strongest companies in the oil group and the shares, although not subject to spectacular market movements offer a sound equity investment with possibilities of a well defined character for long pull price appreciation. The company is the largest and most profitable unit of the Royal Dutch group, operations are completely integrated and management is of the highest type. Despite the shutting-in of a substantial portion of potential production, current output is about 130,000 barrels daily and on that basis the company ranks as the third largest producer in the country. An extensive pipe line system with a capacity of 250,000 barrels daily and refinery facilities with an average daily capacity of 240,000 barrels together with a widespread marketing organization, complete the rounding-out of the company's activities. Expansion has been rapid and it is understood that present plans call for the extension of retail distribution to every state except Texas. The Flintkote Mfg. Co., has been acquired for the purpose expanding the manufacture of roofing and road materials. Earnings, with the exception of 1927, a year of depression in the entire oil industry, have shown a steady upward trend and in 1928 were equal to $2.04 per share, an increase of nearly 100% over 1927. Capitalization has been simplified during recent years and now consists of a funded debt totaling $79,745,000 and 13 million shares of capital stock after giving effect to the sale of 3 million shares to stockholders earlier this year. Depreciation and depletion policies are conservative, the sums charged

(Please turn to page 278)

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

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West Virginia

Alabama

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WHEN EXPERTS DISAGREE

The Weighted Average of 35 of America's leading economists and financial organizations used by a leading financial service has proved to be the most accurate guide in determining the probable course of security prices. If interested in the market, you will want to receive a free copy of their report. (435).

INCREASING YOUR INCOME RETURN

The three factors that enter into the stability of a security are indispensability, growth and protection. Public Utility securities having these all-important attributes offer you the ideal investment. The firm of G. L. Ohrstrom will gladly mail you free of charge a copy of their interesting 20-page booklet, "Increasing Your Income Return," which contains some attractive public utility investments sponsored by this well-known house. Ask for 495.

Colorado

Kentucky

Texas

Colorado

(Continued from page 275)

off annually for these items having averaged about 20% of gross in the past five years. The company has succeeded in a veritable manner in coping with the unfavorable conditions which have arisen from time to time in the oil industry and would be one of the chief benefactors in the event that a greater degree of stability is achieved in the future.

INTERNATIONAL TELEPHONE & TELEGRAPH CORP.

Do you think that considering the recent split-up and the present unsteady condition of the market I should take my profit in International Telephone and Telegraph stock with the hope of buying it back cheaper later on? I now have 60 shares which show me a paper profit of more than $2,000. If you recommend that I hold will you please let me have your opinion as to whether I should exercise the rights to which I am entitled?—V. M. L., Laurel, Miss.

To have achieved a dominant position in the communications field of the world in less than ten years of actual operations is certainly a noteworthy accomplishment and one of which the International Telephone & Telegraph Corp. may well be proud. Through the control of numerous companies acquired from time to time, either through exchange of stock or cash purchase, the company now ranks as one of the leading telegraph and cable companies of the world and one of the principal telephone operating companies in Cuba, South America and Spain. Activities also include the manufacture of telephone and electrical equipment, financial operations and advisory and management service for compensation. The company's plans have of necessity required substantial investments in properties which, however, are temporarily non-income producing or in a state of reorganization, a fact which makes it necessary to measure the merits of the stock not so much by current earnings as by future prospects. There is outstanding an issue of $58,000,000 in bonds convertible into stock at $66.666 per share between July 1, 1929, and July 1, 1932, and in the event that all of these bonds are converted, per share earnings for 1928 would be reduced to $2.28, computed on the basis of the number of shares which would then be issued. On a market-price-to-earnings ratio, the shares cannot be said to be undervalued at current quotations. On the other hand, the company's potentialities are unlimited and investors seeking to participate in the future success of a world-wide enterprise seem warranted in holding. Transitory market fluctuations, however, may possibly afford you an opportunity to make additional commitments at lower levels at some future date and for the present it might be advisable to dispose of your "rights" and mark down the cost of your original purchase.

Chesapeake & Ohio Railway Company

(Continued from page 226)

earnings. A slight decline in gross was shown in 1927 but last year a drop of about 7% occurred from the previous year's gross. Despite this net income remained practically the same throughout due to operating efficiencies. For the first three months of this year, gross was $31,332,792, a gain of more than 5% over the corresponding period last year, and net railway operating income was $8,596,323 a gain of more than 27%. This trend, if maintained for the remainder of the year, will mean a sharp increase in the per share earnings. Outstanding common stock, however, is being increased about 25% with an offer to common stockholders to subscribe for new stock at $100 a share in the ratio of one new share for every four shares held. With the stock currently quoted at 206, the rights are worth about $21.

The present dividend on the common is $10 per annum, so that the prospective investor is offered a fair yield in addition to whatever appreciation possibilities lie in future merger situations of which Chesapeake & Ohio is one of the leading candidates.

Financial Notices

Dividends and Interest

ARMOUR AND COMPANY

THE Board of Directors of Armour and Company met on May 17 and declared the following dividend:

ARMOUR AND COMPANY
(ILLINOIS)

A quarterly dividend (1¾%) on the preferred stock, payable July 1, 1929, to stockholders of record June 10, 1929.

ARMOUR AND COMPANY
OF DELAWARE

A quarterly dividend (1¾%) on the preferred stock, payable July 1, 1929, to stockholders of record June 10, 1929

E. L. LALUMIER
Secretary

E. I. DU PONT DE NEMOURS & CO.

Wilmington, Del., May 20, 1929.

The Board of Directors has this day declared a regular dividend of $1.00 per share on the outstanding $20 par value common stock of this Company, payable June 15, 1929, to stockholders of record at the close of business May 29, 1929; also an extra dividend of $0.50 per share on the outstanding $20 par value common stock of this Company, payable July 3, 1929, to stockholders of record at the close of business May 29, 1929; also dividend of 1½% on the outstanding Debenture Stock of this Company, payable July 25, 1929, to stockholders of record at the close of business July 10, 1929.

CHARLES COPELAND, Secretary.

International Combustion Engineering Corporation

PREFERRED STOCK
Dividend No. 7

The Board of Directors of International Combustion Engineering Corporation at a meeting held April 17th, 1929, declared a quarterly dividend for the period ending June 30th, 1929, of One Dollar and Seventy-five Cents ($1.75) per share upon the outstanding Preferred Stock of the Corporation, payable July 1st, 1929, to stockholders of record at the close of business June 17th, 1929

George H. Hansel, Secretary.

New York, April 17th, 1929.

Wilson & Co., Inc.

Preferred Stock Dividend

The Board of Directors of Wilson & Co., Inc., a Delaware Corporation, has declared a dividend of one and three quarters per cent (1¾%), per share on its Preferred Stock, payable July 1st, 1929, to holders of record at the close of business June 12th, 1929, to apply against accumulated dividends.

Checks will be mailed.
Dated, Chicago, May 23, 1929.

GEORGE D. HOPKINS, Secretary

General American Tank Car Corporation

New York

A quarterly dividend of $1 per share has been declared payable July 1, 1929 to stockholders of record at the close of business June 13, 1929. In addition to the cash dividend, a stock dividend of 1% has been declared payable on July 1, 1929 to stockholders of record at the close of business June 13, 1929. Stock transfer books do not close.

W. J. WOODWARD, Treasurer.

Dividends and Interest

Middle West Utilities Company

Notice of Dividend on Prior Lien Stock

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of Two Dollars ($2.00) upon each share of the outstanding Prior Lien Stock, having a par value of $100 a share, and One Dollar and Fifty Cents ($1.50) upon each share of the outstanding $6 Cumulative Non Par Prior Lien Stock, payable June 15, 1929, to the holders of such Prior Lien Stock, respectively, of record on the company's books at the close of business at 5:00 o'clock P. M., May 31, 1929.

EUSTACE J. KNIGHT,
Secretary.

GEORGE A. FULLER COMPANY

949 BROADWAY
NEW YORK CITY

At a meeting held today, the Directors of this company declared the regular quarterly dividend of one dollar and fifty cents ($1.50) and a participating dividend, in accordance with the provisions of the Certificate of Amendment of the Certificate of Incorporation of the Company, as amended, based upon the fiscal year ending April 30th, 1929, of two dollars and sixty-eight cents ($2.68) per share, on each share of its Cumulative and Participating Prior Preferred stock, issued and outstanding, which dividends are payable on July 1st, 1929, to stockholders of record at the close of business on June 10th, 1929; and also declared the regular quarterly dividend of one dollar and fifty cents ($1.50) and a participating dividend, in accordance with the provisions of the Certificate of Amendment of the Certificate of Incorporation of the Company, as amended, based upon the fiscal year ending April 30th, 1929, of one dollar and ninety-two cents ($1.92) on each share of its Cumulative and Participating Second Preference stock, issued and outstanding, which dividends are payable on July 1st, 1929, to stockholders of record at the close of business on June 10th, 1929.

Dated, New York, May 17th, 1929.

B. M. FELLOWS, Treasurer.

TENNESSEE COPPER & CHEMICAL CORPORATION

61 Broadway, New York
May 14, 1929.

The Board of Directors of the Tennessee Copper & Chemical Corporation has this day declared a quarterly dividend of twenty-five cents (25c) per share on the issued and outstanding capital stock of the company, payable June 15, 1929, to stockholders of record at the close of business May 31, 1929. The transfer books of the company will not close. E. H. WESTLAKE, Treasurer.

CRANE CO.

Dividend Notice

At a meeting of the Board of Directors May 21st, a quarterly dividend of one and three-quarters per cent (1¾%) on the Preferred Stock and one and three-quarters per cent (1¾%) on the Common Stock was declared, payable June 15, 1929, to Stockholders of record June 1, 1929.

H. P. BISHOP,
May 21, 1929. Secretary.

Dividends and Interest

NCCA ORGANIZATION **National Cash Credit Ass'n**

Alabama Cash Credit Corporation

Preferred Stock Dividend No. 13

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share has been declared on the Preferred Stock of the Corporation, payable May 25, 1929, to stockholders of record on May 13, 1929.

OSCAR NELSON, Treasurer.

Alabama Cash Credit Corporation

Common Stock Dividend No. 13

The regular quarterly dividend of Fifteen Cents (15c) per share has been declared on the Common Stock of the Corporation, payable on May 25, 1929, to stockholders of record on May 13, 1929.

OSCAR NELSON, Treasurer.

Badger State Cash Credit Corp.

Preferred Stock Dividend No. 3

The regular quarterly dividend of Twenty Cents (20c) per share and an extra dividend of Ten Cents (10c) per share and a stock dividend of One Hundredth (1-100th) of a share has been declared on the Preferred Stock of the Corporation, payable on May 25, 1929, to stockholders of record on May 13, 1929. OSCAR NELSON, Treasurer.

Badger State Cash Credit Corp.

Common Stock Dividend No. 3

The regular quarterly dividend of Ten Cents (10c) per share and a stock dividend of One Hundredth (1-100th) of a share payable in preferred stock has been declared on the Common Stock of the Corporation, payable on May 25, 1929, to stockholders of record May 13, 1929. OSCAR NELSON, Treasurer.

Georgia Cash Credit Corporation

Preferred Stock Dividend No. 2

The regular quarterly dividend of Twenty Cents (20c) per share and an extra dividend of Ten Cents (10c) per share and a stock dividend of One Hundredth (1-100th) of a share has been declared on the Preferred Stock of the Corporation, payable on May 25, 1929, to stockholders of record on May 13, 1929. OSCAR NELSON, Treasurer.

Georgia Cash Credit Corporation

Common Stock Dividend No. 2

The regular quarterly dividend of Ten Cents (10c) per share and a stock dividend of One Hundredth (1-100th) of a share payable in preferred stock has been declared on the Common Stock of the Corporation, payable on May 25, 1929, to stockholders of record on May 13, 1929. OSCAR NELSON, Treasurer.

Illinois Cash Credit Corporation

(*A New Jersey Corporation*)

Preferred Stock Dividend No. 5

The regular quarterly dividend of Twenty Cents (20c) per share and an extra dividend of Ten Cents (10c) per share and a stock dividend of One Hundredth (1-100th) of one share has been declared on the Preferred Stock of the Corporation, payable May 25, 1929, to stockholders of record May 13, 1929.

OSCAR NELSON, Treasurer.

Illinois Cash Credit Corporation

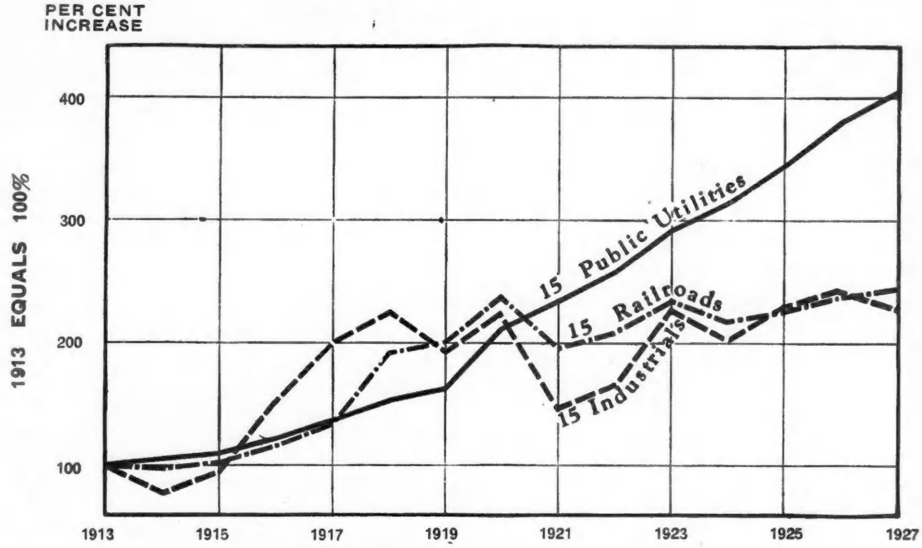
(*A New Jersey Corporation*)

Common Stock Dividend No. 5

The regular quarterly dividend of Ten Cents (10c) per share and a stock dividend of One Hundredth (1-100th) of one share payable in preferred stock has been declared on the Common Stock of the Corporation, payable May 25, 1929, to stockholders of record May 13, 1929. OSCAR NELSON, Treasurer.

Note: Stock originally issued after February 24, 1929, will receive a pro rata dividend according to resolution.

General Gas & Electric Corporation



Gross earnings of leading Utility, Railroad and Industrial enterprises.

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A Steady Upward Trend

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During 1921, when the most serious business depression in fifty years occurred, when the volume of manufacture declined 32%, the electric light and power industry not only showed no loss but actually made a gain.

Why?

The public utility industry serves and receives revenue from almost every industry, every business and every home in practically every community of 1,000 population or over.

Even in any one city—unless it is a one-industry community—the active industries at any given time offset the less active ones.

The use of electricity in the average home is still for the most part on a minimum-necessity basis and can scarcely be reduced in less prosperous times.

Since 1913 the sale of manufactured gas has increased 160% and the number of customers nearly 80%.

The public utility industry is in its period of rapid growth. Additional uses and needs for its services are constantly arising.

The General Gas and Electric Corporation has large holdings in widely diversified utility enterprises. Its operating properties serve the prosperous citrus growing area of Florida and the rapidly developing industrial area of South Carolina centering at Columbia where a development on the Saluda River is being constructed which will have the largest artificial lake in the world for hydro electric power.

The unbending stability coupled with the steady upward trend of the industry offers an unparalleled investment opportunity.

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"I'd walk a mile for a Camel."

"So would I."

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